

The University of Chicago

ADAM SMITH
AND THE EIGHTEENTH CENTURY
CONCEPT OF SOCIAL PROGRESS

A DISSERTATION SUBMITTED TO THE
GRADUATE FACULTY IN CANDIDACY
FOR THE DEGREE OF DOCTOR OF
PHILOSOPHY

DEPARTMENT OF PHILOSOPHY

By
GORDON BARTLEY STRONG

PRIVATE EDITION, DISTRIBUTED BY
THE UNIVERSITY OF CHICAGO LIBRARIES
CHICAGO, ILLINOIS
1932



The University of Chicago

ADAM SMITH
AND THE EIGHTEENTH CENTURY
CONCEPT OF SOCIAL PROGRESS

A DISSERTATION SUBMITTED TO THE
GRADUATE FACULTY IN CANDIDACY
FOR THE DEGREE OF DOCTOR OF
PHILOSOPHY

DEPARTMENT OF PHILOSOPHY

By
GORDON BARTLEY STRONG

PRIVATE EDITION, DISTRIBUTED BY
THE UNIVERSITY OF CHICAGO LIBRARIES
CHICAGO, ILLINOIS
1932

PRINTED BY
EDEN PUBLISHING HOUSE
ST. LOUIS, MO.
APRIL,
1932

P R E F A C E

The history of the present research upon *Adam Smith and the Eighteenth Century Concept of Social Progress* has been parallel to an inductive and deductive study of the meaning of progress itself. The deductive phase—developing dependent links in a chain, secured at one end to an axiom, according to the popular description—has been unconsciously logical in that restricted sense. I mean that there is a natural enough way to go about the study of abstract progress, a way which is more than distantly analogous to the actual growth of this dissertation. Most simply, one may begin by asking, "What is progress *in general*?" and the answer is likely to be, "There is none," except upon the evidence of emergence phenomena. Then, a first refinement might take the form of "What is human progress *in general*?" and again the answer may be discouraging if you side with certain groups of anthropologists, or with G. B. Shaw when he says, "We have not advanced an inch since the time of the Hitites!" If by this time your prejudices in favor of progress are not completely routed, you can go further on to ask, "What is progress in civilization?" and here, while you find yourself upon firmer ground, you involve yourself in deeper difficulties, and place yourself under the necessity of explaining cycles, diminishing growth, degeneration, and death, in that phoenix-like metamorphosis which we call civilization; and it is possible you will join Bertrand Russell in an "unyielding despair." Finally you may ask, breathless and frightened like Andromache, "What is progress in institutions?", including let us say, the institution of the mind, of personality, and of sociality. Here you may possibly conclude that you are on perfectly firm ground because, paradoxically, an intangible one—a particular kind or category of progress. Your particular kind of progress, institutional progress, you may regard in the light of an ideal capital investment — self-perpetrating, self-replacing, continuing forever, growing forever. Still further refinements of the basic question may be cultivated, but not refinements in kind; and you may shift the burden of further dialectic, in this deductive chain, by challenging anyone to add another link.

The, in this way, limited problem of progress has especial reference to the general philosophy of Adam Smith, comprising both his ethics and economics. It has, therefore, been my purpose to show that Adam Smith had (1) a general theory of social progress, (2) a particularized theory of social progress, and (3) an institutional theory of social progress. The general theory simply concerns the fact that there is a law of progress. The particularized theory relates to the circumstance that progress of a definite sort is possible in some directions and not in others. The institutional theory concerns the continuity and growth, for the general benefit of mankind, of institutions which are both inductively and deductively faultless, from the logical or analytic point of view. Such institutions were epitomized or possible, according to Adam Smith, in categories of coordination, a central tendency or golden mean socially guaranteed by rival extremes—justice assisted by propriety and benevolence, education protected by customary morality and sympathy, laissez-faire hedged by competition and moderate governmental concern, division of labor and distribution modified by market demand and supply conditions, wealth supplemented by index price deviations and the law of diminishing returns for interest, profit, and rent, and the like. All institutions thus hedged and judicially balanced, would offer material as well as humanitarian and cultural benefits, which would yield, almost automatically, continually increasing returns. I take this to be the institutional theory of progress, never exactly expressed by Adam Smith but always implied.

The study is a correlation; and it must be admitted in this foreword that the correlation between Smith's special theories and those underlying ones of progress, as above adumbrated, is not as close as expected before undertaking the study. Still looser and farther below unity is the correlation, which is attempted, between his concepts of progress and those which characterized his age. Paradoxically, the relation is closer for the particularized theory than for the general, but here again we may solicit the protection of deductive science: the institutional particular *is* the general—in kind, categorically. This is the "natural enough way" by means of which the particularized theory of progress has been deduced and synthesized from the general, and then generalized again. In this evolution and natural logic I have been aided by the suggestions and criticism of Dr. J. H. Tufts, Prof. A. P. Brogan, and Prof. T. V. Smith.

TABLE OF CONTENTS

SECTION	PAGE
I. INTRODUCTION	1
<i>General Influences upon the Philosophy of Adam Smith</i>	1
<i>The Influence of Hume on Smith's Philosophy</i>	9
II. THE EIGHTEENTH CENTURY STAGE FOR A THEORY OF PROGRESS . .	22
III. THE ETHICAL THEORY OF PROGRESS	41
IV. THE ECONOMIC THEORY OF PROGRESS	52
V. RECAPITULATION AND CONCLUSION	64
BIBLIOGRAPHY	69



Digitized by the Internet Archive
in 2026

ADAM SMITH AND THE EIGHTEENTH CENTURY CONCEPT OF SOCIAL PROGRESS

I. INTRODUCTION

General Influences upon the Philosophy of Adam Smith

The problem of scholarship in making an internal study of Adam Smith's works rather suffers from a too great wealth of material than from the contrary. That there *is* anything now left upon which to base a serious and enlightening investigation, upon this much-written-about subject, should point to an optimism for all future efforts, and reinstate our faith in the inexhaustibility of knowledge. In fact, Smith probably offers the most striking example in modern times for the continuance of this independent lateral problem. Thus, he has offered food for discussion, both in his and in our generations, for the most opposed opinions, and for the most diverse academical and political purposes, with almost a complete gamut of differential degrees between. He has been compared and ranked, not universally in a complimentary manner to them, with Aristotle, Bacon, Newton, and Kant. He has been gratuitously elected to be the best-informed man since Aristotle. His conception of duty has been described to be superior to that of Kant. The benefit of general social and political reforms which he has been thought to have been eminently influential, according to the many panegyrics to his name, in bestowing upon Europe and America, have found but meager comparisons in the history of civilization. On the other hand, his insidious reasoning has been supposed to be more productive of anti-religious and anti-social results than, in the light of the same criticism, accrue to the "awful Dr. Mandeville!" In a well-known phrase, one critic¹ pictures him

¹ Ruskin.

as a "half-bred and half-witted Scotchman", figuring him as a sort of stupid mephistopheles in the English tradition. He has been both criticized and absolved from the charge of "Smithianism" to no honorary effect. Both of these currents, it is almost needless to note, have been successful in a tremendous advertising activity for the founder of political economy. Thus, in two large academic libraries,² one of which had over one hundred card entries under the name of Adam Smith, and the other somewhat less, there were found to be at least five important entries which did not overlap. The periodical papers have also been voluminous, those in which *some* reference to Smith is made, practically incalculable; and he has been one of the very few writers who have been accorded the honor of a sesquicentennial celebration, at home and abroad, commemorating the publication of a major work.

Notwithstanding the perfect flood of published researches on the subject, there has been a surprisingly limited number of particularized studies. The available works in German which can pretend to any understanding of Smith, chiefly those of Hasbach and Oncken, take as their province the entire ethical and economic theories. The more limited French efforts, probably following the earlier French socialists and the independent interpretation of J. B. Say, have been directed toward the general economic theories. In England and United States, other than the standard biographies and historical sketches, research has been confined to a few familiar categories, laissez-faire, free trade, value, natural rights, and the like. As to a general theory of social progress which can be attributed to Adam Smith, in the pre-Darwinian, pre-Hegelian, pre-Comtean, era in which he wrote, hardly a word can be found in a general survey of the published literature. It is this latter neglected category which the present paper proposes to cover.

That the author of *The Theory of Moral Sentiments* and of *The Wealth of Nations* had a fairly systematic conception as to "the nature and causes" of social advancement, or at least made the attempt to achieve that systematization one of his primary purposes, cannot be very much under doubt. One of the

² John Crerar and University of Chicago.

more recent biographies compares the three English moralists of the age in this wise: "Hutcheson and Smith were both reformers, and were more hopeful, if less cheerful, than Hume."³ Hume was more in line with the empirical tradition of Hobbes and Locke, and therefore was less interested in the "natural propensity," according to Smith's phrase, for the good to win out, and preferred to describe things abstractly. His great friend and rival for Europe's attention, however, remaining more under the influence of Hutcheson than was Hume, could see evidences of present well-being, and signs of further improvement, committing himself to a pretty thorough optimism withal. In this regard, Jacob Viner arrives at the following description:⁴

Smith's major claim to fame, as I have said, seems to rest on his elaborate and detailed application to the economic world of the concept of a unified natural order, operating according to natural law, and if left to its own course producing results beneficial to mankind.

Another economist, with more explicit reference to a general theory of social progress, confirms the same observation:⁵

Social thought may follow this emphasis, giving weight to those forces which are dominant in the institutions of the time—then it is "conservative." Or it may emphasize those forces which may become dominant in the millennium—then it is "utopian." Or it may emphasize those forces which are now in existence but to which prevailing institutions give inadequate outlet and recognition in proportion to their present importance and force—then it is "radical" or "progressive" and becomes the keynote of forward movements. Of this general sort was the social philosophy of Adam Smith.

But while it is without question that his social philosophy had this optimistic and progressivistic coloring, it is not so easy to reduce his various statements to a unified conception. In fact, as will be shown later, some very distressing contradictions and inconsistencies are introduced. His theories of social progress were evidently plural, and not always mutually interdependent.

Before Adam Smith there were precursors in abundance with every variation in theories of progress. Besides the Classics and Hobbes, Bodin, Vico, Locke, there were of course,

³ Francis W. Hirst, *Adam Smith*, I, 6.

⁴ Jacob Viner, *Adam Smith and Laissez-Faire*, in *Adam Smith*, 1776-1926, 118.

⁵ John Maurice Clark, *Adam Smith and the Currents of History in Adam Smith*, 1776-1926, 54.

Montesquieu, Voltaire, and Rousseau, with whose ideas Smith, with his reputation for wide reading, had familiarized himself. Of these, neglecting Hutcheson and Hume, probably the closest intellectual similarity in the realm of letters and science may be found in the socio-legal studies of Montesquieu. "Montesquieu had made familiar" Jacob H. Hollander states, "the conception of uniformity in economic relations and the possibility of an orderly arrangement of such principles."⁶ In the lectures, and the never-completed or published work on justice, or jurisprudence, which Smith contemplated, we are told that ". . . he followed the plan suggested by Montesquieu, . . ."⁷ The author of *L'esprit des lois*, however, was the more explicit in the statement of his assumptions such as, *There is, then, a prime reason; and laws are the relations subsisting between it and different beings, and the relations of these to one another,*⁸ which appears, on the first page of his great dissertation. "His aim" says one commentator, "was to eliminate the elements of arbitrariness and the 'caprice of fancy' and to establish the law of cause and effect. . . . The conjunction of human wills gives rise to the civil state, but Montesquieu is not concerned with the nature of this covenant but with the conditions which determine the character of its laws."⁹ Again, "Like all the thinkers of his time he would look to nature" says Dunning, "for the criterion of his law. But the teachings of nature would be sought not in deductions from abstract assumptions of pure reason, but in the concrete facts of life both present and past."¹⁰ All of these statements could be appropriated, with reservations, for a description of Adam Smith. The position which he holds at times in regard to the problem of value, which is less open to attack and now regarded with more favor, the "empirical account," according to the phrase of Whitaker,¹¹ is entirely in accord with Montesquieu's technique. He had his less inductive side, however, which may also be found in *L'esprit des lois*, which is gen-

⁶ Jacob H. Hollander, *The Dawn of a Science*, in *Adam Smith, 1776-1926*, 16.

⁷ F. W. Hirst, *Adam Smith*, V, 68.

⁸ Italics mine.

⁹ James P. Lichtenberger, *Development of Social Theory*, IX, 216-17.

¹⁰ Wm. A. Dunning, *Political Theories, Luther to Montesquieu*, 394-5.

¹¹ Albert C. Whitaker, *History and Criticism of the Labor Theory of Value*.

erally less tasteful to present-day economists. Thus, the chief biographer of Smith comments, as we have already noted, on this point:¹²

I believe it will be found, that the practice of the author of the *Wealth of Nations* everywhere agrees with his theory, and that he has himself, in all his speculations, adapted the explanatory and systematizing form of philosophizing, instead of the scientific and inductive,

Whether or not we can admit of this supposed agreement, it is very nearly incontestable that the "philosophic account" offers strong competition to his "empirical account". Thus, we might substitute the name of Adam Smith in the comparison which Hallam makes between Bodin and Montesquieu.¹³ They were ". . . the most philosophical of those who have read so deeply, the most learned of those who have thought so much." In both cases the idea of progress was germane to their respective studies.

Of the other intellectual precursors of Smith, Hutcheson, of course, would stand in the first rank. His influence upon his pupil, together with that of Shaftesbury and Butler through him, has received sufficient attention in other papers,¹⁴ to require no more than brief comment here. The debt of the *Theory of Moral Sentiments* to Hutcheson and the "moral-sense" school which he represented, was large. The doctrine of "sympathy," after going through the reinterpretation of Hume, emerges again in the *Theory* with a new Hutchesonian coloring, as will be shown later. Some of the doctrines are lifted bodily from the older works and reasserted by Smith. Thus, in basing justice upon "sympathy with resentment," he is restating Butler almost literally.¹⁵ The semi-romanticism of Shaftesbury finds frequent echoes in both of his monumental works, but probably does not represent his most unified position. As his most direct intellectual ancestor in the English tradition, Hutcheson not only

¹² John Rae, *The Sociological Theory of Capital*. App., Art. V, 336.

¹³ Henry Hallam, *Introduction to the Literature of Europe*, II, 165-6.

¹⁴ Cf. G. R. Morrow, *The Ethical and Economic Theories of Adam Smith*, and Ethel Muir, *The Ethical System of Adam Smith* (Ph. D. Dissertations, Cornell University, 1926 and 1896 respectively).

¹⁵ Cf. Ethel Muir, *The Ethical System of Adam Smith* (Ph. D. Dissertation, Cornell, 1896), 39: "Smith agrees with Butler in holding firmly to the old retributive theory of punishment."

influenced his moral theories, but his economic ideas as well. Rae has shown¹⁶ how some of his very chief contributions to Political Economy had been stated with considerable clarity and force by Hutcheson many years before the *Wealth of Nations* had been composed. Among these were, (1) Anti-Mercantilism, (2) Value in use and value in exchange, (3) Labor as the true measure of value and source of wealth, (4) Industrial liberty—which certainly cover indispensable portions of the book published in the year 1776.

The Continental influence upon Smith, particularly that of the Physiocrats, has been both belittled and aggrandized by commentators. It has been the self-imposed task of more recent scholarship, in the light of Cannan's "discovery" of a student's notes on the jurisprudence lectures, and a resurrected letter, to show that Smith's sojourn on the Continent was *not* responsible for the views expressed in the *Wealth of Nations*. However, some debt to Quesnai and Turgot has been admitted. The striking fact about the times, though, was the community and easy interchange of ideas which obtained between the Continent and England. Hume and Smith were almost as popular in the Salons of Paris as they were in Glasgow, Edinburgh and London. One writer comments upon the closeness of relations which existed,¹⁷ in this wise:

Undoubtedly, the number of foreign scientific books annually translated into German, French, or Italian, was at that time much larger than at present. At any rate, people on the whole Continent read the English and even the American literature of the day with a keen interest strikingly opposed to the trend of isolation so typical of the present.

Thus, we may assume that Smith, with his capacity to absorb and appropriate vast quantities of information and ideas, would have reflected the neighboring European influences, even if he hadn't accepted the tutorship of the Duke of Buccleigh which took him to the principal Continental centers of learning. We shall see what these influences were.

In the first place, there were the Physiocrats. Of them, undoubtedly Quesnai and Turgot were Smith's chief creditors,

¹⁶ John Rae, *Life of Adam Smith*, II, 14-15.

¹⁷ Melchior Palyi, *The Introduction of Adam Smith on the Continent*, in *Adam Smith*, 1776-1926, 183.

although the names of Gournay and Condorcet should be noted in the same connection. Among other things, Quesnai had devised an *economic table*, showing the annual national distribution of income and produce in such fashion as to emphasize the importance of agriculture. The national wealth was then supposed to be incontrovertibly aligned with "natural" productivity as opposed to the mercantilist and kameralist doctrine which stressed monetary power or "balance of trade". Smith studied the "Economic Table" and appropriated many of its tenets, particularly those in reference to national agrarian welfare and progress. He even attempted to apply such a table to the British economy, but like Ricardo, he did not find himself proficient in this approach to statistics. Turgot expressed the more practical tendencies of the Physiocrats; and it was in him, at least temporarily, that Smith found his ideal Philosopher-Minister of Finance, just as Aristotle found his Philosopher-King in Alexander. In both cases there was an exchange of good offices, practice for theory, which no doubt resulted in mutual benefit. In regard to Turgot and Smith, Haney characterizes the exchange in this wise:¹⁸

Conversing often with Turgot on economic topics, it is natural that both men were influenced. Turgot was engaged on his *Réflexions* and Smith on his *Wealth of Nations*. Say's opinion that Turgot owes much of his philosophy, Smith much of his economics, to this intercourse, seems reasonable.

However, while it is evident that Smith was generally influenced by the Physiocrats, in such a way as to take up ideas already in essential agreement with his economics, it is not evident just where the precise points of borrowing may be. Cannan, in editing the lecture notes on "Jurisprudence" previously referred to, and in his introduction to the standard edition of the *Wealth of Nations*, has lifted the burden of the debt and confined it to a very limited number of items such as the theory of "unproductive labor," and the theory of "stock," which are not always the best parts of Smith.

Back of all these movements and influences, and in more specific reference to our present interest, there was the general "rationalist" drive of the seventeenth and eighteenth centuries,

¹⁸ Lewis H. Haney, *History of Economic Thought*, X. 198.

rationalistic even when it was ostensibly "empirical" in its assumptions. Deism, the "contract" theories of government, the epistemological tangles from Descartes to Hume, associationism in Psychology, universal mechanism in science, formalism in literature, all showed the characteristic preference for reason which followed upon the Renaissance. A modern critic of the idea of progress has characterized the age as follows:¹⁹

In the seventeenth century a doctrine of progress was already in the air, and a long literary battle was waged between the Ancients and the Moderns. But it was only in the eighteenth century that Western Europe began to dream of an approaching millennium without miracle, to be gradually ushered in under the auspices of a faculty which was called Reason.

The extremes of this drive were exhibited even in the private lives of individuals, as witness the moral budgeting of Benjamin Franklin. Constitutions and by-laws, from literary societies to governments themselves, were drawn up in geometric precision, from "self evident" axioms to rigid conclusions, and with phenomenal success, far out-rivalling the Spinozistic attempt. Both individual men, and society itself, were likened to formal automata, for which hardly any criterion but reason itself was required. There were, certainly, contrary movements such as that of the "moral sense" school, but even they were inclined to find *some* sanctions in the prevailing rationalism. A development as erratic, but inevitable, as the French Revolution, cast backward glances toward the same sanctions. "The Goddess of Reason" continues the melancholy Dean in his criticism, "hardly survived Robespierre and his guillotine; but the belief in progress . . . was reinforced by the industrial revolution, which was to run a very different course. . . ."²⁰ We should expect to discover some traces of these ideas in Adam Smith, and as a matter of fact, they are not hard to find. Accordingly, as will be shown later, it is almost true that he who runs may read, and see the strong emphasis on reason in his moral philosophy, and the individualism in his economics.

Some of the pertinent influences which concern us here have been left out intentionally. The importance of Shaftesbury, Hutcheson, Mandeville, Hartley, Condorcet, and others, in mak-

¹⁹ W. R. Inge, *The Idea of Progress* (1920 Romanes Lectures), 7.

²⁰ W. R. Inge, *Ibid.*, 7.

ing the attempt to understand and appreciate the social philosophy of Adam Smith, will crop up in later references. The all important influence of the general social setting of the eighteenth century and industrial revolution, will be the subject of the chapter which follows. The more immediate contact with David Hume will concern the balance of the present chapter.

The Influence of Hume on Smith's Philosophy

The debt of Adam Smith to David Hume has not always been adequately described or emphasized by students. The biographical material, in particular, from that of Dugald Stewart to F. W. Hirst, while enlarging upon the famous "Roman" friendship which existed between the two thinkers, has had little to say about the consanguinity of their published works. Wilhelm Hasbach, in his otherwise thorough study of the Smithian economics, has only a short passage on Hume¹ in which he comments upon the latter's egoistic and individualistic tendency in the doctrine of "sympathy", comparing and contrasting with Hutcheson rather than with Smith. The same neglect of Hume is noticeable in practically all of the commentaries, tracing, as they do, the moral ideas to Hutcheson, and the economics to the Physiocrats and their English contemporaries who expressed comparable tendencies, with almost a total forgetfulness of Hume. At least one account, however, gives mention of the credit which is due to the greatest of English philosophers:²

Doubtless Hume exercised the greatest influence on the general philosophy of Smith, as well as on his economic opinions. During his stay at Glasgow, Smith made an abstract of Hume's *Treatise of Human Nature* which pleased the older man and was the beginning of a lasting friendship. Hume was an essayist, writing in a philosophical spirit, but working out no complete economic system. If he had written a systematic treatise in 1752, when his essays appeared, the *Wealth of Nations* in all probability would not have occupied the unique position it now holds.

While there is some doubt as to the historical correctness of the statement that Smith had compiled the analysis referred to, it is true that he drew heavily upon the works of his friend, the chief of which all had been published before Smith began to

¹ Wm. Hasbach, *Untersuchungen über Adam Smith und die Entwicklung der Politischen Oekonomie*, 38.

² L. H. Haney, *History of Economic Thought*, X, 195.

engage the public attention. The *Treatise*, *Inquiry*, and the *Essays*, published respectively in 1739, 1748, and 1752, thus preceded the *Theory* and *Wealth of Nations* by a Large margin, the dates for these being 1759 and 1776, respectively. The first and chief bid of Hume for world recognition "fell dead-born from the press", according to his own statement, but from then on there was an ever increasing acceptance of his ideas, acceptance even from quarters which were theoretically and personally opposed to him, such as turned out to be the case with Rousseau. While differing in many important respects as to the interpretation of phenomena under their common observation, Smith cannot be said to have resisted the compelling logic of Hume, with which years of the closest contact and study had made him minutely familiar. The older philosopher's later approval and sanction of his work, is another point to the same effect. We shall see how this works out.

Notwithstanding the thesis of Oncken, Adam Smith's metaphysics is more conspicuous by its absence, than in any very explicit statement of it. The popular formalism in literature, and the semi-technical type of expression which was incorporated into eighteenth century philosophy—adopted by both Smith and Kant as well as, in a lesser degree, by Hume—is a little misleading in this regard. Thus, there are many passages in the *Theory* which smack of Kantian technicalism. Take the following, which has been cited to confirm the supposed parallelism between Kant and Smith:³

It is not the soft power of humanity, it is not that feeble spark of benevolence, which Nature has lighted up in the human heart, that is thus capable of counteracting the strongest impulses of self-love. It is a stronger power, a more forcible motive, which exerts itself upon such occasions. It is reason, principle, conscience, the inhabitant of the breast, the man within, the great judge and arbiter of our conduct.

Oncken contributes this⁴ and similar quotations, in arguing his solution of the "Adam Smith Problem", a metaphysical dualism between the phenomenal and the noumenal world, after the manner of Kant. The economics is supposed to belong to the

³ Adam Smith, *Theory of Moral Sentiments*, III, III, 193-4. (The typographical and other errors in both Oncken's quotation and that of the 1869 text, used here, have been corrected).

⁴ August Oncken, *Adam Smith und Immanuel Kant*, I, V, 65.

former, and the ethics, to the latter, universe of discourse. The one is thought to be utilitarian, and the other, rationalistic and universalistic. Such expressions as, "the object of passion", "the object of knowledge," "the passive principle", "the active principle", "the faculties of the mind", and the like, which have been described as "the corinthian style", also made use of by Hume, exhibit a superficial similarity to the Königsbergian philosopher. They, of course, reveal their indigenous character in the trend of eighteenth century thought, at the same time. But the parallel goes no further, as the following considerations will show. In the first place, the *Wealth of Nations*, composed in twelve years, was published seventeen years after the *Theory of Moral Sentiments*, thus reversing the Kantian as well as the Humean order. In the second place, while the original plan was to link the two treatises with a middle one on justice, in the type of trilogy popular at the time, they now stand independent and entirely unsupplementary. Finally, there is no such absolute division of labor in the general outlook of the two as the German scholar argues for. The moral theory has the same preference for empiricism as the economics has, and both show elements of rationalism. These facts will come out more clearly when the works themselves are examined.

Adam Smith was dependent upon the system of English metaphysics which had culminated and reached a turning point in David Hume. Leibniz had proposed the most difficult problem for epistemology in his theory of "innate ideas". According to him, the "petites perceptions" were the temporal equivalent of the logical structure of his impenetrable individuals, or monads. The "innate ideas" were the causal "expressing" of this timeless structure, in such a way as to "mirror the universe", therein achieving a formal unity and community between individuals, as well as in them separately, which seemed to be a necessary postulate. Locke, in interpreting the doctrine of "innate ideas" too literally and too particularly, like Voltaire later in his criticism of Christianity, could nowhere find them in experience. Thinking, feeling, and memory, he found to be entirely a matter of education, of experience. We start out in the world with a "tabula rasa", and everything thereafter imprinted on it is ob-

tained empirically by contact with the world. There is, presumably, a logical structure of the universe, but it is hidden from experience in a substratum, or rather, in two substrata, the physical and the spiritual. Mental qualities are, for the most part, to be traced to physical ones, in a modified materialism, somewhat less confident than Hobbes'. After Locke, the logical substratum and primary qualities lost their secure position, and, in Berkeley's dialectic, under the same type of criticism which dissipated "innate ideas", vanished for the time being from the annals of respectable philosophy. In their stead was set up a spiritual order of mind which approached solipsism. Hume, taking up the same instrument of rational critique, particularized and individualized everything, leaving no unity or reason at all, other than the accidental, in the world. Everything was reduced drastically and literally to instants and points, to the smallest perceptible sensation as the unit measure, there being no necessary or real connections between these units, of any kind or form. Hume, like Descartes, however, felt the need to rebuild his world. Thus, the physical world was reconstructed by means of the theory of probability. The psychological world was justified in the concepts of habit and association. The reality of the moral and social world was found through the doctrine of "sympathy". In this way, the place left vacant by the original theory of "innate ideas" was again filled, the history of the entire event constituting almost a complete circle, with Hume taking a position not unlike Leibniz'. The same individualism, with Hume more in the extreme, is apparent between the two men. While the English thinker was not, strictly speaking, an intuitionist, the doctrine of "innate ideas" became translated, in his treatment, into a comparable doctrine of innate feelings and perceptions, common to all men, by virtue of the forces of habit and association.

Smith accepted the Humean analysis that resulted in this extreme individualism. He accepted the "faculty" psychology, and the general method of isolation which sharply differentiated reason from sense and feeling, at least partly responsible for the problem of knowledge in the form it took at the time. His parallel treatment of the doctrine of "sympathy", while diverging

somewhat from that of Hume, set up the same problem: How are society and morality possible, assuming individualism? In metaphysics, his lack of comment, his tacit agreement with Hume upon the major issues, and his turning away from and neglect of the problems involved, constituted what was later denominated phenomenalism or positivism. He preferred to study things as they are and have been in society, without a too minute curiosity as to origins. In ethics, he interested himself in describing only actual and repeated instances of "sympathy". In economics, he avoids much discussion upon "value in use", or utility, and from then on, ostensibly, limits himself to the concept of "value in exchange".

In psychology itself, as well as in the general psychological metaphysics of the age, Smith was pretty much a follower of Hume. Hartley, who wrote at practically the same time as Hume, developed the associational psychology to a much finer conclusion⁵ than his contemporary, reducing everything to the principle of "contiguity". Hume, diverging but slightly from the original treatment of Aristotle, classified all possible mental connections, in a way, not entirely satisfactory to himself,⁶ into *resemblance*, *contiguity in time or place*, and *cause or effect*. Smith, who was familiar with the work of Hartley, followed Hume's classification. In a classical passage he says, for instance:⁷

As we have no immediate experience of what other men feel, we can form no idea of the manner in which they are affected, but by conceiving what we ourselves should feel in the like situation. Though our brother is upon the rack, as long as we ourselves are at our ease, our senses will never inform us of what he suffers. They never did, and never can, carry us beyond our own person, and it is by the imagination only that we can form any conception of what are his sensations. Neither can that faculty help us to this any other way, than by representing to us what would be our own, if we were in his case.

There are combined here, evidently, all three of Hume's criteria, but the more direct and simple case of sympathetic reaction which is often quoted, stresses the factor of *resemblance*.⁸

⁵ Cf. Howard C. Warren, *A History of the Association Psychology*, III, 53.

⁶ Cf. H. C. Warren, *History*, II, 43.

⁷ *Theory*, I, I, 3-4.

⁸ *Ibid.*, I, I, 4.

When we see a stroke aimed, and just ready to fall upon the leg or arm of another person, we naturally shrink and draw back our own leg or our own arm; and when it does fall, we feel it in some measure, and are hurt by it as well as the sufferer.

However, it is not hard to see, since the description takes the form it does—present depending upon past experiences—that contiguity and causative associations figure, remotely at least, in the explanation. Hume had given the authority for the separation of experience into “impressions and ideas”, with corresponding differences in the law of association in the two cases. On the point in question, for instance, he makes this statement:⁹

It is evident then there is an attraction or association among impressions, as well as among ideas; though with this remarkable difference, that ideas are associated by resemblance, contiguity, and causation, and impressions only by resemblance.

Of the two examples of sympathy cited from the *Theory*, then, the first is apparently under the category of ideas, and the second, of impressions. The function of imagination and reason in the more complex cases of sympathy which are offered, would seem to reaffirm the Humean separation. In these instances, in the absence of any definite psychology of his own, Smith pretty generally accepted that of his friend.

Hume had two somewhat different systems of morality, the one, the psychological egoism and limited benevolence tempered by sympathy, of the *Treatise*, and the other, the semi-utilitarianism, of the *Inquiry*. Since we find that Adam Smith's first major work, in point of time, is more closely aligned to the latter, it will be considered first. As a bid for the popular acceptance, the *Inquiry* “concerning the principles of morals” gave up much which Hume had been so careful to develop in his metaphysics and psychology as well as in his more characteristic ethical system, in the *Treatise*. One account makes the following comment upon his shift in attitude:¹⁰

. . . . in the *Enquiry*, Hume gives up his original characteristic position of the *Treatise*, and sympathy becomes practically a feeling of humanity. In the later work, there is little to differentiate his treatment from that of Hutcheson. In the *Treatise*, our benevolent or social feeling is regarded as a mere sensitivity to pleasure and pain, which has become complicated and transformed by sympathy. . . . But in the *Enquiry*, sym-

⁹ David Hume, *A Treatise of Human Nature*, II, I, § 4.

¹⁰ Ethel Muir, *The Ethical System of Adam Smith*, 24.

pathy is just another name for benevolence, or natural philanthropy, rather than the name of the process by which social feeling has been constructed out of non-social or individual feeling.

In the *Inquiry*, reason and sentiment play very equal roles, reason dealing with the usefulness of action, in view of consequences, and sentiment, determining the choice of ends as good, with an innate watchfulness for the happiness of mankind.¹¹ But, since reason concerns itself with matter-of-fact and relation, it is not strictly within the moral sphere. The ultimate judgment is left to sentiment—approbation or disapprobation—which therein makes motives rather than actions proper, the foundation of ethics. Yet, the happiness of society is a worthy object of approbation, inbred in all contemplators,¹² and this end makes utility an indirect object of deferred pleasure. We therefore, according to the doctrine, approve of benevolence both immediately and for its social utility. Each case, of course, involves pleasure, directly or indirectly, to someone or to mankind as a whole. At bottom, the doctrine may be denominated a “psychological hedonism”, and in harmony with the earlier utilitarianism of Hutcheson and Bentham. Hume, however, even in the *Inquiry*, did not propose to set up a reformatory morality; his technique was, rather, in accordance with abstract description. All social goods, as well as the very existence of society itself, he found to be based upon custom and habit. This attitude led him to a generally conservative practical ethics, and to Toryism in politics.

We find the most definite echoes of the *Inquiry* in the *Theory of Moral Sentiments*. The reviving of the Hutchesonian doctrine in the latter undoubtedly had some connection with Hume’s change of attitude in the work published eleven years previous to it. Thus the concept of “humanity” very closely approximates Smith’s concept of “sympathy”. Similarly, reason is given a more important function in morality than is allowed in the *Treatise*. Again, there is the modified utilitarian coloring which recurs in both books. The Smithian expression of it, commonly thought to belong exclusively to the economics, can be found

¹¹ *Inquiry Concerning Human Understanding*, §§ 189-90.

¹² *Ibid.*, § 252.

stated very baldly, in the moral theory, as the following passage will show:¹³

Society may subsist among different men, as among different merchants, from a sense of its utility, without any mutual love or affection; and though no man in it should owe any obligation, or be bound in gratitude to any other, it may still be upheld by a mercenary exchange of good offices according to an agreed valuation.

It is true that this type of activity is neither the whole nor the highest part of ethics, for Smith, but it is nevertheless *a* part of ethics for him. Such general utility has reference to justice, which “. . . is the main pillar that upholds the whole edifice”¹⁴ of society. The union of this utilitarian measure with the intuitional, in the *Theory*, comes out unequivocally in the following passage:¹⁵

In order to enforce the observation of justice, therefore, nature has implanted in the human breast that consciousness of ill desert, those terrors of merited punishment, which attend upon its violation, as the great safeguards of the association of mankind, to protect the weak, to curb the violent, and to chastise the guilty.

Somewhat curiously, this halting utilitarianism is combined with a conservative attitude, already noted in Hume. How this tends to permeate the ethical theory of Smith, will be a topic to be discussed in a following section, where it will be taken up in more detail.

The more self-consistent *Treatise* advanced, in the third book, *Of Morals*, along the lines of a radical empiricism which had been exhibited in the first two books, and which was abandoned in the naturalistic *Inquiry*. It was in the *Treatise* that Hume offered his most novel and original ideas. In his answer to the problem left by Locke and Berkely, he seemed to deny to reason the power to get at reality at all; or rather, he showed with an apparently invincible logic that reason is inevitably led to conclusions contrary to all experience. The resulting limited skepticism, was of great significance for the moral philosophy; it was desired to trace everything of moral bearing to feeling, because of the merely analytic and auxiliary function of reason. Toward this objective, Hume had three major contributions to

¹³ *Theory*, II, II, III, 124.

¹⁴ *Ibid.*, II, II, III, 125.

¹⁵ *Ibid.*, II, II, III, 125.

make: First, reason cannot pre-determine what is moral in a moral situation; second, the "artificial virtues" can only be explained by their origin; and third, the concept of *sympathy* is the basis for all our natural morality.

The argument proceeds in this fashion: First, the passions cannot be pronounced to be either true or false by any criterion of reason, because they are relatively simple and irreducible facts of our nature; that is, there is nothing in the individual passions themselves from which error might be demonstrated. An immoral act cannot be equated to poor judgment, for this only involves a mistake of fact. But, the decisive point in the case against reason is found in the fact that it can never have a direct influence upon an act, whether good or bad. It has no part in original volition or desire for, according to the isolating technique of the author which insisted that anything which may be distinguished may be separated, these seem somehow to be different from and independent of, intelligence. "Thus, upon the whole," he states, "it is impossible that the distinction betwixt moral good and evil can be made by reason; since that distinction has an influence upon our actions, of which reason alone is incapable."¹⁶ How, then, is the distinction to be made? "Our decisions" he says in the following section, "concerning moral rectitude and depravity are evidently perceptions; and as all perceptions are either impressions or ideas, the exclusion of the one is a convincing argument for the other."¹⁷ The foreseen conclusion is reached immediately in the well-known phrase, "Morality, therefore, is more properly felt than judged of; . . ."¹⁸

At this point, the second under consideration, a certain difficulty arises. The more complicated ethical relations which involve justice, governmental authority, etc., seem to be a far cry from simple and direct impulses. The comparatively efficient structure of society, as we know it, evidently cannot be entrusted to the natural workings of benevolence. "There are no phenomena" Hume insists, "that point out any such kind affection to men, independent of their merit, and every other circumstance."¹⁹ The conclusion is relatively summary:²⁰

¹⁶ *Treatise*, III, I, § 1.

¹⁷ *Ibid.*, III, I, § 2.

¹⁸ *Ibid.*, III, I, § 2. .

¹⁹ *Ibid.*, III, II, § 1.

²⁰ *Ibid.*, III, II, § 1.

Unless, therefore, we will allow that nature has established a sophistry, and rendered it necessary and unavoidable, we must allow, that the sense of justice and injustice is not derived from nature, but arises artificially, though necessarily, from education and human conventions.

Much after the manner of Aristotle, Hume finds that men unite into organized society in order to do away with certain "inconveniences" which are supposed to be attendant upon life in isolation. While he would not put any special stress on security, as a reason for the existence of society, he would probably agree with Hobbes in characterizing the "state of nature" as "solitary, poor, nasty, brutish, and short,"²¹ contrary to the view of Rousseau. At any rate, he arrives at the conclusion that society provides a remedy for three inconveniences:²²

By the conjunction of forces, our power is augmented; by the partition of employments, our ability increases; and by mutual succour, we are less exposed to fortune and accidents. It is by this additional *force, ability and security*, that society becomes advantageous.

The lack of these qualities constituted the "inconveniences" referred to. Justice, then, in his treatment, becomes an entirely utilitarian value and mechanism. This utilitarianism, however, implies a philosophy of history rather than an ethical program in the *Treatise*.

In line with the preceding, and this is the third point, it follows that the real basis of morality is esthetic and ego-centric. In the last analysis, moral goods are all to be traced to pleasures, and moral bads, to pains. There is another assumption, however, which must be taken into consideration before the desired universality of the principle is obtained: "The minds of all men are similar in their feelings and operations; . . ."²³ It is now only necessary to name the quality which unites all men in a community of interest and sentiment; it is, of course, *sympathy*. It achieves a harmonious cooperation of the interests of the individual with those of society, in the following way:²⁴

Now, as the means to an end can only be agreeable where the end is agreeable, and as the good of society, where our own interest is concerned, or that of our friends, pleases only by sympathy, it follows that sympathy is the source of the esteem which we pay to all the artificial virtues.

²¹ Thomas Hobbes, *Leviathan*, I, XIII.

²² *Treatise*, III, II, § 2.

²³ *Ibid.*, III, III, § 1.

²⁴ *Ibid.*, III, III, § 1.

The principle of "sympathy" therefore serves as the solvent, according to the expression of Selby-Bigge,²⁵ by which Hume is enabled to reduce complex feelings to their simpler components. The "innate" quality of the principle, agreeable to our comparison with Leibniz, both arises in experience and is an ineradicable fact thereafter. Equating to Kant, it is the perfectly *a posteriori* explanatory principle of social experience, but as a duty for all rational beings, it becomes the *a priori* principle of the possibility of all such "communication."

It is not a difficult task to determine the lines along which Smith was most in agreement with Hume, in the reference here concerned. The doctrine of "sympathy," or limited benevolence, of the *Treatise*, contrary to one account,²⁶ we have found to be less consonant with Smith's doctrine than that brought out in the *Inquiry*. There is, for instance, the greater emphasis upon reason in the latter work and in the *Theory of Moral Sentiments*. On other points, however, there are close similarities between Hume and Smith in their major ethical studies. We find the same isolating procedure which separated reason from the other "faculties" of the mind. The characterizing of the "artificial virtues," in an implicit theory of progress and philosophy of history, has an immediate connection with Adam Smith's own ideas upon this subject, both in the economics and moral theory. Utilitarianism again comes to the front in this regard. There is the convenience of our present "opulence" and general well-being, how they came into existence, which undoubtedly has its explanatory principle. There is similar insistence upon the role of education and convention to win the benefits and comparative luxuries of organized commonwealth. The increase of wealth through cooperation (Hume's "conjunction of forces"), the increase of efficiency through the division of labor (Hume's "partition of employment"), and the increase of security through organized markets (Hume's "mutual succour"), all figure largely in the Smithian economics. As for the doctrine of "sympathy," it does tend to approach the esthetic and hedonistic standpoint of Hume,

²⁵ *Inquiry*, Introduction.

²⁶ Cf. Glen R. Morrow, *Ethical and Economic Theories of Adam Smith* (Ph. D. Dissertation, Cornell), II, 29: "Adam Smith used sympathy in essentially the same way as Hume did in the *Treatise*."

notwithstanding the importance ascribed to *duty* in the *Theory*. Duty itself, in fact, involves the esthetic sanction, as will become more apparent in a following section.

Windelband finds the following general correlation between Hume and Smith, which brings us to a consideration of the economics proper:²⁷

All phenomena of the ethical life are thus rooted, according to Hume and Smith, in the *social life*, whose psychological basis is sympathy, and the founder of political economy, with his great philosophical friend, sees in the mechanism of sympathetic transfers of feeling an adjustment of individual interests similar to that which he believed himself to have discovered in the realm of the exchange of external goods, which is conducted with reference to the straitness of the conditions of life, in the mechanism of supply and demand in connection with the competition of labour.

A. W. Small²⁸ is in agreement with Rae²⁹ in discovering Smith to be actuated by sociological interests in his economics. Back of this there was the example of Montesquieu, already cited, and that of Hume, of course. The adventures of the latter into the realm of economics were modest, but they evidenced clearly enough the earlier sociological drive toward classification. Thus, we find him dividing the field of production "into *husbandmen* and *manufacturers*,"³⁰ in a way which comes out very prominently in Smith's system. His well-known emphasis upon the forces of labor, establishes another contact between the two. "Every thing in the world" he says, "is purchased by labour; and our passions are the only causes of labour."³¹ He goes even further and espouses the socialist position which grew out of the classical economics; "Every person, if possible, ought to enjoy the fruits of his labour, in a full possession of all the necessities and many of the conveniences of life."³² In regard to the economic systems which were practiced and advocated at the time, Hume was mildly anti-mercantilist,³³ and attacked the "balance of trade" idea almost as consistently as did Smith. He also expressed a preference for large population,³⁴ but also for

²⁷ W. Windelband, *A History of Philosophy* (Tufts trans.), V, II, § 36.

²⁸ *Adam Smith and Sociology*.

²⁹ *The Sociological Theory of Capital*, App., Art. VIII, 379-80.

³⁰ *Essays, Literary, Moral and Political*, 'Of Commerce', 150.

³¹ *Ibid.*, 'Of Commerce', 154.

³² *Ibid.*, 'Of Commerce', 157.

³³ *Ibid.*, 'Of the Balance of Trade', 184.

³⁴ *Ibid.*, 'Populousness of Ancient Nations', 224.

material, agrarian wealth, which characterized the physiocratic and Smithian economics. Thus, a historian of the economic theory of the time, summarizes the comparable features in the two men, in this wise:³⁵

The chief characteristics of Hume's economic thought are the prominence given to labor, the attention given to changes or transitions, evidences of historical spirit, and the interrelation of economic and other social facts and forces. . . . Hume holds that everything in the world is purchased by labor, and that our passions are the only cause of labor. Money is nothing but the representative of labor and commodities and for any one country its greater or less abundance is immaterial; but the increase in the supply of money may benefit industry during the interval between acquisition and resulting rise in prices. Interest depends on the profits of industry and the demand and supply of loans.

Here then, is a rather broad swath in Smith, which had already been covered, in a less systematic manner by Hume. The direction and implication of the influence is clear, and the details will become more evident when they are taken up in the following sections. For the time, we may conclude, recognizing the nature and magnitude of the debt to David Hume.

³⁵ L. H. Haney, *History*, X, 195-6.

II. THE EIGHTEENTH CENTURY STAGE FOR A THEORY OF PROGRESS

When the romantic philosophers of history read their own feelings into the eighteenth century and were prone, after the precedent of Hegel, to think of it as "the excited age," they were doubtless representing the latter half or third of it, as the whole. The philosophic, political, and economic, *authority* for the three great revolutions, the American, the French, and the Industrial, which matured in the last quarter, were long in preparation. But the gathering momentum was geometric in its accumulation and inevitability. Its self-stimulating acceleration and imperiousness, to retain the same figure, left, as always, the proximate causes to be the important, that is to say, the *real* causes. With the exception of the hang-over theological controversies, they themselves lacking the vehemence of those of the age of Bossuet and Pascal, the early seventeen-hundreds settled down to the work of *classicism*, both in philosophy and literature. The realm of Belles Lettres retained that name and reputation deep into the century, until the pre-romantic novelists and poets of northwestern Europe glimpsed the shadow of coming events which was cast before them. Metaphysics and speculation maintained a uniform level of *aufklärung*, the new classicism quite in accordance with the ancient derivation of philosophy, until their own pre-romantics monopolized the stage, well past the meridian of the calendar hundred years. In politics, after the tranquil crisis of 1688, England was pre-eminent in subsiding, with an abundance of mostly inoffensive discussion, to a very nominally representative rule, which has been called "Parliamentary Colbertism,"¹ with the second George dictating, and the third George being dictated to. Nothing in the nature of a genuinely democratic reform occurred to disturb the equally conservative policies of the Whig and Tory groups until the decade of the American Revolution,² and what was accomplished

¹ W. Cunningham, *The Growth of English Industry and Commerce*, III, XI.

² Cf. Cunningham, *Ibid.*, 592.

then was temporarily undone by the French Revolution, with a widespread recoil from social and political liberalism. Political economy itself, for the first three-quarters of the century, followed fairly quietly if not always humbly, a dead line of transition, by the best thinkers recognized as such, from mercantile and agrarian preference to a generous cosmopolitanism, which philosophy had already set up as an enlightened ideal. The climaxes of the age followed closely upon the publication of a small number of revolutionary books, some, as in the case of the *Wealth of Nations*, coinciding with those initial events which have colored our picture of the entire period.

Adam Smith himself, from the relatively meager information which his biographers have been able to glean from the records of his personal life and habits, apparently did not engage in much controversy until after the middle of the century when he found himself in essential agreement with some essays by Hume which criticized the mercantilist point of view.³ Our final impression of him tends to crystallize into the picture of typical Scottish taciturnity; and in this regard, we must remember his expressed regard for the Stoic philosophy.⁴ Both in the lecture-room and in the few informal gatherings or clubs, which he probably attended more in conformance with the requirements of his professional and social standing in the British intelligensia than from anything approaching avid choice, the available documents point to his well-known difficulty in speech, except under unusual stimulation—a direct contrast to the verbal command of his eloquent academic predecessor, Francis Hutcheson, for those who knew them both. While fundamentally not unsocial in his deeper nature—being endowed with a surprising kindness, as a matter of fact—he encouraged unfriendly responses by neglect and forgetfulness; so that it is not altogether hard to understand why Benjamin Franklin, who made it his business to become intimate with every notable of his time, probably did not as much as meet⁵ the father of the American “hands

³ Cf. John Rae, *Life of Adam Smith*, VII, 95. Hume's *Essays on Commerce* were published Jan. 23, 1753, but Smith had unofficially reviewed them in manuscript in 1752.

⁴ Cf. *Theory of Moral Sentiments*, ‘Concerning the Ancient Philosophical Systems’.

⁵ Cf. T. D. Eliot, *Relations Between Adam Smith and Benjamin Franklin Before 1776*, in *Political Science Quarterly*, March, 1924. The itinerary

off" doctrine. Smith's scholarly habits were more confining than those of Hume, very probably the reason he did not enter politics to a more appreciable extent and never married, but he was nevertheless in constant touch with current movements, though indirectly. The broad scheme of his academic ambitions, like those of Bayle and Diderot who set the pace for the age in an ideal for universal knowledge, both in active life and in his writings, threatened him with unproductiveness. The tri-part plan for a monumental work on ethics, politics, and economics, was in effect modified, and the grand enterprise for a universal history of civilization, abandoned. These projects were conceived in the coolness of the first half of the century, and given up in the excitement of the last quarter.

These circumstances tended to give the final fruit of Adam Smith's researches an element combining generality and novelty; a recognized element of genius, absorbing with Shakespearean ruthlessness, refashioning with independence. His appropriations were mainly minute; his contributions were theoretical and organic. Faithful to his philosophical training and the temper of the age, his earlier masterpiece was meticulously on the side of the angels, if a discreet liberal majority may be construed as such. Not unlike Plato and Aristotle for the Hellenic world, he introduced the Britocentric justification for a qualified democracy, a three-layer ethics tied together *de facto* and psychologically by the pivoting doctrine of sympathy. The doctrine had already gained authority and precedent by a century of reasoning about the indisputable facts of (1) non-cooperative motives and (2) an established, fairly successfully functioning society. But Smith, even more than Mandeville, accepted the "facts" at their current values, and harmonized them in the kindest fashion; he therein set the English conservative tradition which culminated in Sidgwick's summary of the "methods."⁶ With the exception of a few sensitive minds, among them Hume, it took the later century to evaluate the constructive conservatism of the *Moral Sentiments*; during the popularity of its first publi-

of Franklin shows that he could have met Smith only once, but there is no record of such a meeting having actually taken place.

⁶ Cf. Henry Sidgwick, *Methods of Ethics*, I, I, 6: "But I think it fundamentally important to recognize, at the outset of Ethical inquiry, that there is a diversity of methods applied in ordinary practical thought."

cation, it was read almost exclusively for its literary qualities.⁷ It is not altogether without significance that a new edition was put on the market in 1869 when Sidgwick was toiling with Utilitarianism.

But it was not only in the field of moral theory, throughout the vicissitudes of his alternate popularity and defamation, that Smith demonstrated his consanguinity and appreciation in the later age. His optimism was at home in the eighteenth century, but his economics and the technical features of his theory of human progress belonged to the nineteenth and early twentieth centuries, the still curtain-up stage of the Industrial Revolution. He suffered a temporary but long eclipse in the rising light of the stock-broker, money-economist, Ricardo, and *his* followers, chiefly James Mill⁸ and the Mill clique. He was regarded as old-fashioned, mistaken, and "physiocratic"⁹ during and long after men like Cobden were putting his theories into most detailed practice. It was again left for Sidgwick to appreciate Smith indirectly on the score of technical disagreements with the positions of J. S. Mill and Ricardo.¹⁰ Ninety years after the publication of the *Wealth of Nations* the historical appraiser of the eighteenth century, Lecky, found himself in total agreement with the central assumption of that book, the "natural" progress of the socio-economic order.¹¹ Not only that, but he found that

⁷ Cf. Walter Bagehot, *Adam Smith as a Person*, in *Biographical Studies*, 285. Smith replaced Hume in the world-famous salons of Paris, as a literary 'philosophe', the lighter type of thinker which always found favor among their dilettantes.

⁸ In his much-quoted *Autobiography* (p. 27), J. S. Mill makes the following remark, enlightening on the point of James Mill's preferences: ". . . it was one of my father's main objects to make me apply to Smith's more superficial view of political economy the superior lights of Ricardo, . . ."

⁹ Cf. C. K. Gonner, *Introductory Essay*, to Ricardo's *Principles*, (liii): "The teaching of Adam Smith illustrates the difficulties which the Physiocratic theory had introduced." (1891)

¹⁰ Cf. L. H. Haney, *History of Economic Thought*, XXXII, 595.

¹¹ W. E. H. Lecky, *History of the Rise and Influence of Rationalism in Europe* (1865), II, VI, 366: ". . . Providence, in the laws of history as in the laws of nature tends ever to perfection, and, annexing fatal penalties to the resistance of those laws, destroys every obstacle, confounds those who seek to arrest the progress, and, by the concurrence of many agencies, effects the objects it designs." Here, Lecky even goes beyond Smith, but otherwise practically paraphrases him. Again: "Of this industrial civilization, political economy is the intellectual expression; and it is not too much to say, that it furnishes a complete theory of human progress directly opposed to the theory of asceticism." (*Ibid.*, II, VI, 398).

Adam Smith had "proved" his theses, one and all!¹² The point to such testimonials of agreement with a work which had been largely superseded by many later treatises, and such testimonials are available almost *ad infinitum*, is that the author, as the *philosopher* of the modern industrial movement, belonged to the period most characterized by it, the nineteenth century. Correctly or not, this places him in the light of a secular prophet. At any rate, he had the good fortune to seize upon and emphasize factors, which were operative and partly understood in his own day, but which really did not become dominant until after 1800.¹³ While some historians date the typical changes toward capitalistic industrialization as early as 1700,¹⁴ and earlier, the wholesale reorganization of economic life took place, in England, during and following the lives of the first "captains of industry" which penetrated deeply into the nineteenth century. Robert Owen, who combined great industrial success with a minimum of obnoxious practices, wrote his famous monographic autobiography in the thirties, after having witnessed the development of most of the novelties¹⁵ which Smith's system was adapted to

¹² *Ibid.*, II, VI, 376-7: "At last Adam Smith appeared; and while he effectually destroyed all that part of the doctrine of the economists which was hostile to manufacturers, he established upon the firm basis of demonstration, and developed and irradiated with matchless skill, all that was most favourable to their progress. Proving that labour was the basis of value, that money is but a single form of merchandise which has been selected as the instrument of exchange, and that the goods of foreign countries are eventually purchased by native productions—unraveling by a chain of the clearest but most subtle reasoning the functions of capital, the manner in which it is created by the combination of parsimony with industry, and the special facilities which manufactures and the division of labour of which they admit offer for its increase—giving, too, a fatal blow to the system of restrictions by which statesmen had long imagined that they could promote the interests of wealth,—Adam Smith performed the double service of dispelling the notion that manufactures are useless or pernicious, and unfolding the true laws that regulate their prosperity." Lecky goes on to describe a future which was apparently taken for granted by Smith, an equilibrium future.

¹³ Both Hutcheson and Hume, for instance, had dwelt upon the function of division of labor which was to loom largely as *cause* in Smith's historical analysis, as well as in industrial history itself. Cf. Hume, *Treatise*, III, II, § 2, in re 'partition of employment'. Cf. Hutcheson, *System of Moral Philosophy*, II, IV.

¹⁴ Cf. Abbott Payson Usher, *An Introduction to the Industrial History of England*, X, 271.

¹⁵ Cf. Witt Bowden, *Industrial Society in England Towards the End of the Eighteenth Century*, I, 7.

explain. Again, in the practical application of his principles, Smith was on the side of the angels, particularly in the later century when England's peculiar economic position created a net profit from her world-wide policy and free-trade, greater than that of any other nation.

While these circumstances appear to point out the isolated and prophetic nature of his contributions, he was, of course all the same, the product of his age. He was in the direct line, though with a perceptible tangent, of the earlier group of Scottish philosophers, by virtue of inheritance and interest. The British intellectual burden of the first half of the century was largely carried by the Scotch, with Smith following closely upon Butler, Shaftesbury, and Hutcheson, in the Anglo-Scotch tradition, while Hume continued the older line of metaphysics and psychology from Hobbes and Locke. The broad lines of controversial differentiation were at first upon religious issues, but by the time of Smith's maturity these issues were definitely sublimated to independent political, economic, and psychological questions. Metaphysical theologians like Clarke and Wollaston gave way to the more specialized studies of men like Priestly and Hartley.¹⁶ Locke sponsored a theory of broad religious freedom together with a more or less ardent Deism, which were continentalized by Montesquieu and Voltaire, and which began to filter back into Scottish thinking in the form of passive acceptance. Following the suggestions of Hobbes and Spiniza, as to the essential *privateness* of religion, Locke, in his *Letters concerning Toleration*, identified the progress of religion with that of political liberty.¹⁷ Voltaire, in his own *Essay on Toleration* and in numerous other works, together with Bayle and Diderot, at first insisted upon an out and out skepticism, which later on was modified to a positive but agnostic optimism.¹⁸ The positive doctrine of optimism in France very readily shook off its theological authority; and under the temporary influence of Shaftesbury, the Physiocrats cultivated it for its own sake.¹⁹ In England, the

¹⁶ Cf. W. Windelband, *A History of Philosophy* (Tufts Trans.), V. 2, § 36, pp. 504-13.

¹⁷ Cf. Windelband, *Ibid.*, V, I, § 35, p. 487.

¹⁸ Cf. Voltaire, *Candide ou sur l'Optimisme* (1757).

¹⁹ Cf. W. Hasbach, *Die allgemeinen Philosophie Grundlagen der von E. Quesnay und Adam Smith begründeten Politikalkonomie*, p. 59.

reaction developed in the direction, for Arbuckle and Hutcheson, of an optimism of appreciation, an esthetic theory of morals.²⁰ Hume was agnostic or slightly critical, but in general, non-committal. Smith and Blackstone, in contrast to Berkeley and Clarke, and to theological naturalism generally, built up their systems on the assumptions of *legal* naturalism.

It became more and more patent, as the century wore on, that secular were taking the place of religious presuppositions. Hutcheson, from the first, fairly openly allied himself to "modernism" as opposed to "mediævalism," in the current controversy between precedent and independence; and there was a widespread movement, beginning at the University of Glasgow, to shift educational control from the autocratic "regent" system, to the professorial.²¹ At the same time, the English educational institutions were becoming correspondingly nonsectarian, the directorship of the Church of England itself becoming continually more nominal. By 1750, in fact, the administrative policy argument simply concerned the two opposing camps, the progressives and the conservatives, with the remotest reference to religious issues.²² The more popular religious promotions, of course, had never been in very good taste among the intellectuals; and Hume brought out in his *History* an implicit criticism of Church-State cooperation which affected even those institutions which were not protected legally. Adam Smith was known to be opposed to Calvinism, as well as to more lenient forms of theological authority, but he characteristically either kept his silence or spoke his mind openly only in the "exclusive" lectures, behind closed doors.²³ But even the advocates "within the fold" were becoming less ardent, and doctrinally, less imperious. As early as 1697, James II could remark about the Quakers, who were in many ways the most ambitious, and therein the most self-contradictory of the dissenting groups, "With respect to their doctrine, they have not any: . . ."²⁴ Of course, they *did* have a perfectly set body of theory, but it was typically a middle-

²⁰ Cf. Wm. Robert Scott, *Francis Hutcheson, His Life, Teaching, and Position in the History of Philosophy*, IX, 183-93.

²¹ Cf. Scott, *Ibid.*, IV, 57.

²² Cf. Scott, *Ibid.*, IV, 61.

²³ Cf. Bagehot, *Op. cit.*, 301-2.

²⁴ Cf. *The Gentleman's Magazine Library: Manners and Customs in England in 1697* (Contr. 1811), I, 4.

class, commercial, ethics, rather than, necessarily, religious dogma, although the powerful authority of the latter was prefixed and suffixed to it. Quakerism had constant reference to the New World, where it held forth most successfully, embodying at once both independence and rigid self-restriction. There it became the empyrean of a homely and stoical, bourgeois, philosophy,²⁵ and of a not very emotional mysticism, entirely sublimated to that philosophy. The colonial outlook infected England, and the entire world, not so much on the ostensible point of religious liberty, but with an unconscious materialistic justification for asceticism; or, as Sombart says concerning the colonial settler, "He undervalues the present; he overvalues the future."²⁶ In effect, this amounted to the reinterpretation and reapplication of the reward theory of Christianity, in its less Oriental and defeatistic aspects, into the eighteenth century general theory of progress. Pietism, in this sense at least, was perfectly utilitarian.

For philosophy, there was a fairly continuous drift toward utilitarianism, from the novelties of Mandeville to the high-point of Bentham, with a consequent shifting of ground in the conservative and progressive positions. Undoubtedly, Bernard Mandeville's cynicism, in a sense, reverted against him when the essentially right-wing tendencies which he burlesqued, were found to be highly justifiable by later writers. But, he was all too apologetic, all too aware of his unenvied reputation, when he said, "For the main design of the fable . . . is to show the impossibility of enjoying all the most elegant comforts of life, that are to be met with in an industrious, wealthy and powerful nation, and at the same time be blessed with all the virtue and innocence that can be wished for in a golden age; . . ."²⁷ The later utilitarian thinkers would naturally say that such virtue and innocence are not at all wished for; and that his entire scheme of subjective values is subject to radical reinterpretation.²⁸ John Stuart Mill opposed Carlyle on the very point that

²⁵ Cf. Werner Sombart, *The Quintessence of Capitalism* (Epstein, trans.), VII, 106.

²⁶ *Ibid.*, XXIII, 305.

²⁷ *Fable of the Bees, Preface* (J. Wood, 1772), 4.

²⁸ That is, in such a couplet as, "The worst of all the multitude did something for the common good." (*Fable*, 13), the first line would be evaluated in terms of the second.

virtue, as separable from actions, could therefore invalidate the mathematical scaling of means, as costs, and ends, as desiderata, in the cause and effect adjustments of the good life.²⁹ With some concern, then, for the reasonableness of the costs, such intermediate thinkers as Priestly connected all values with ends, and proposed a theory not of progress at any cost, but of the assurance and necessity of "indefinite progress,"³⁰ that is to say, values being as they are. Hume tended to divide the responsibility between means and ends, between emotions and reason, thus evolving a relatively scientific utilitarianism, as contrasted with the later missionary efforts. In the *Inquiry*, as has been noted, reason and sentiment play very equal roles, reason dealing with the usefulness of action, in view of consequences, and sentiment, determining the choice of ends as good, with an innate watchfulness for the happiness of mankind.³¹ Everything in society could be depended upon to work out satisfactorily on the psychological basis; and the basis for Hume's scientific conservativeness, which with the slightest change in emphasis could become the contrary, was further amplified when he stated, "The minds of all men are similar in their feelings and operations; . . ."³² Both Hartley and Helvetius seized upon this supposed fact as the most encouraging guarantee of the progress toward "universal happiness,"³³ and of the possibility of molding the norms in accordance with social welfare. Priestly, and later, the famous Dr. Pistorius, interpreted Hartley's conclusion in the light of religious consciousness,³⁴ but their explanation was in effect epiphenomenal, and did not in the least change the psychological purport of the theory.

Adam Smith served as conciliator and mid-point between Mandeville and Bentham. In the spirit of compromise, his offering was somewhat like Kant's, to unite fixed with dynamic values, rules of conduct with moral progress. Indeed, like Kant

²⁹ *Utilitarianism* (Everyman's Library), I, II.

³⁰ Cf. Elie Halévy, *The Growth of Philosophical Radicalism* (M. Morris, trans.), I, 17.

³¹ *Inquiry Concerning Human Understanding* (Selby-Bigge), 189-90.

³² *Treatise*, III, III, § 1.

³³ Cf. Halévy, *Op. cit.*, I, 17-19.

³⁴ Cf. Hermann Andrew Pistorius, *David Hartley, Notes and Additions to Part Second on Man* (Johnson, 1801), 518.

again, he wished to demonstrate the possibility of that more ambitious goal, a rule of progress. Many of his logical inconsistencies, as well as his diversified popularity, arose from the fact of his double interest in established or accepted goods, and those more ephemeral future values which he associated with social progress. Upon the one hand accepting Hume's ethically indifferent psychology, and upon the other hand sharing Hutcheson's and Priestly's penchant for reform and advance, he designed an ethic to *satisfy* both individuals and society; and, as Ben Jonson said of Shakespeare, to build a system not for any one age, but for all time. Whether or not he achieved this design may be a question of greater or lesser magnitude, but it is altogether significant, again, that this point relates him to Sidgwick who urged that *caution* be observed in reform.³⁵ Bentham, who at first regarded himself as a disciple of Smith, and always relying upon the Humean psychological analysis of society, carried on the arguments for reform almost to their possible extreme, but with conservative effect. He wrote largely in the period of international and domestic stress in Europe, and so his doctrines produced both less and greater shock than they would have normally. England was keyed up to the point of accepting free trade, prison reform, political readjustment, and the like, but not in theory, characteristically; so that the Whig groups, on some of these points, as has been the case many times previously and since, were in the curiously radical position of endorsing essentially conservative, nationalistic, doctrines. Bentham, as the outstanding radical of his time, was guilty of a very evident *petitio principii*, as Halévy notes, in requiring the result of an experimental technique, utilitarianism, to be a moral desideratum.³⁶ From this point of view, reform could mean only one thing—putting in effect practices which were already nom-

³⁵ Cf. *Methods*, IV, IV, 472 ff. Sidgwick was as much interested in moral progress as was Green, but his system was admittedly more practicable, and, paradoxically, less conservative. That is to say, it was less dependent upon a set group of 'spiritual' values, less passive, less dependent upon the past. Cf. Thomas Hill Green, *Prolegomena to Ethics*, III, I, 197 ff: "The practical struggle after the Better, of which the idea of there being a Best has been the spring, has taken such effect in the world of man's affairs as makes the way by which the Best is to be more nearly approached plain enough to him that will see."—i.e., no doubt *what* is best.

³⁶ Cf. Halévy, *Philosophical Radicalism*, I, 12.

inally, potentially, or practically in effect. In this, Blackstone undoubtedly held the more impregnable position, since he was willing to leave relations as they had stood traditionally, in the cooperation of morals and politics—which Bentham had identified similarly—the function of the legal moralist simply being a classifying and standardizing one.³⁷ Godwin, still under the influence of the deductive method which had led to the circle in Bentham's thinking, but reflecting the more consistent liberalism of the destructive part of Rousseau's analysis, went one better by supporting the doctrine of the "perfectibility of man" on a non-institutional basis.³⁸ He was notable, together with certain of the early socialists, in refusing to identify the "is" with the "ought to be."³⁹ In America, the political expression for the combined radical and conservative doctrine of reform and progress was made by Jefferson who sponsored the concept of the right of revolution, in direct inheritance from Locke. The various "natural right" doctrines which grew out of the tendency to associate progress with reform, both through rehabilitated legal authority and pure romanticism, were carried on, with various degrees of consistency and conservativeness, by Franklin, Henry, Paine, Randolph, J. Q. Adams, and others—with more vigor than science, it must be admitted.

Utilitarianism, like the whole philosophy of the Enlightenment which served as its introduction in England, began and ended with concepts of progress,⁴⁰ with far-reaching *rapproche-*

³⁷ Cf. Halévy, *Ibid.*, I, 27 ff.

³⁸ Cf. Wm. Lucas Sargant, *Essays of a Birmingham Manufacturer*, 307.

³⁹ Cf. Sidney and Beatrice Webb, *The Decay of Capitalist Civilization*, V, 187 ff. (In re Adam Smith and his personal tendency to identify the 'is' with the 'ought'; that the existence of present goods indicates an 'invisible hand', etc.).

⁴⁰ Cf. Halévy, *Ibid.*, II, III, 274: "According to Stuart Mill the idea of a theory of progress and of a philosophy of history was due to a reaction against the ideas of the eighteenth century, against the philosophy of enlightenment. This estimate is false: the Saint-Simonians and Auguste Comte owed their philosophy of progress to Turgot and Condorcet; and it is perhaps to Condorcet at least as much as to Hartley, Priestly and Godwin that James Mill from the earliest years of his literary production, owed the doctrine which he held to be fundamental—that is, the doctrine that the human species is essentially perfectible, or capable of progress." The disagreements were minor, as Halévy notes, *Ibid.*, II, II, 234: "Thus, the checks imposed by man's physiological nature and by the physical nature of the earth to the indefinite progress of the human species do not fundamentally contradict the idea of progress. Malthus rejects the

ments between the allied social sciences. There were broad technical deviations from a standard concept, but the special cooperation of philosophy and psychology with general enlightenment provided a unified front on at least one question, the necessity of progress in education. One of the earliest arguments, after Bacon, it is interesting to note, was presented in the interests of feminism and feminine culture, by Defoe.⁴¹ While probably one of the least romantic writers of his time, in the amatory sense, Defoe felt the need for a beginning in the democratization of education, both for the protection and amusement of males! He had before him, of course, the inspiring example of ingenious women on the continent of Europe, at Paris and Versailles, and to a lesser extent at Wiemer and Sans Souci, an example which England was slow to emulate. His suggestion was revolutionary in part, but conservative in effect, since he simply wished to raise the ladies of the realm up to the level which the proud English gentleman had set for himself. But the transformation was conceived in the interests of distinct, though customary, moral advance, the creation of gentlemanly virtues in women.⁴² Swift carried part of this intellectual burden of the time in his characteristically indirect manner, laying his finger upon, among other things, the degeneration of that popular academy, the English Coffee House, which had latterly declined to the status of a center of fashion and sophism.⁴³ Following the interests of Defoe, and criticizing the social set-up in a more direct, but kindlier, fashion than either Swift or Mandeville, good Dick Steele cooperated, first in the *Tatler* and later in the *Spectator*, with the fashionable meeting-places in disseminating the desire for information and pleasant manners.⁴⁴ Thackery

Utopian part in the view of Condorcet and Godwin. He refuses to treat man as pure intelligence, of which nothing can therefore stay the progress. But a distinction must be made between an unlimited progress and a progress whose limit cannot be determined." Thus, the continuity of the idea of progress was maintained in straddling the centuries.

⁴¹ Daniel Defoe, *An Academy for Women*, in *An Essay on Projects*.

⁴² He says, for instance (*Ibid.*), "I would have no guards, no eyes, no spies set over the ladies, but shall expect them to be tried by the principles of honor and strict virtue."

⁴³ Jonathan Swift, *A Tale of a Tub*, Sec. II.

⁴⁴ Cf. Sir Richard Steele, *The Tatler*, Dec. 16, 1710. While, on surface, poking fun at the concept of 'moral arithmetic', or the statistical study of the influence of education, etc., on social well-being, in the first at-

has given us the classical description of Steele—drunken, benevolent, ardent for moral reform—as well as of the more sedate, philosophical Addison, and the brewing insistence for educational reorganization from many quarters⁴⁵ which continued down through the century and reached a romantic climax in the literary propaganda of Dickens. Joseph Addison, himself, in his engaging manner, resuscitated in an early issue of *The Spectator*,⁴⁶ the Socratean theory of education, “know thyself.” He says quaintly, “Is it not much better to be let into the knowledge of one’s self, than to hear what passes in Muscovy or Poland; . . . ?”—thus confirming the growing conservative nationalism of Great Britain, all the same allied with educational progress! Addison was as learned as Swift, and more philosophical than any of his immediate predecessors; and it was by virtue of these qualities plus his intimately psychological technique, that he was able to weight the case for mental and moral improvement, particularly from the feminist point of view.⁴⁷ But of all the popular educators of the eighteenth century, with the possible exception of Rousseau, Samuel Johnson was undoubtedly the greatest. Widely read, minute definer, Socratean arguer, socially minded, inveterate theorist, he had the personal force to set for his contemporaries the unimpeachable value of a well-lubricated intellectual equipment and a vast store of knowledge. Like Swift, he attacked the current sophistries, but he was not slow to use them himself, with the prerogative of a pedagogue.⁴⁸ Like Hutcheson and Smith, he disapproved of the obtaining Uni-

tempts at sociological research, he was plainly at heart in favor of such advance, even in view of its more apparent initial errors.

⁴⁵ Wm. Makepeace Thackeray, *Henry Esmond*, Bk. II.

⁴⁶ No. 10, Monday, March 12, 1711.

⁴⁷ *Loc. cit.*, “But there are none to whom this paper will be more useful, than to the female world. I have often thought there has not been sufficient pains taken in finding out proper employments and diversions for the fair ones. Their amusements seem contrived for them, rather as they are women, than as they are responsible creatures; and are more adapted to the sex than to the species. . . . This, I say, is the state of ordinary women; though I know there are multitudes of those of a more elevated life and conversation, that move in an exalted sphere of knowledge and virtue, that join all the beauties of the mind to the ornaments of dress, and inspire a kind of awe and respect, as well as love, into their male beholders. I hope to increase the number of those by publishing this daily paper,”

⁴⁸ James Boswell, *Life of Samuel Johnson* (Morris Ed.), Vol. II, 367.

versity system, but he was quick to cover his assertions with an insistence of his loyalty to Oxford,⁴⁹ a loyalty which he extended, in his paradoxical opinionatedness, to every phase of his social nexus. In practical matters, he was as conservative and Tory, in his conception of social progress, as the early Utilitarians were conservative and Whig, in policy. In theoretical matters, he was half-way between the popular and the legitimate philosophers, as witness his intermittent and discontinuous theory of educational progress.⁵⁰ When his disconnected remarks are put together, we have a piecemeal theory which smacks of modernness. All his ideas and prejudices, of course, were overwhelmingly British, reflecting an enlightened nationalism, which, like the enlightened selfishness of popular Utilitarianism, has its modern advocates. Might it then be suggested at this point, that due to the preoccupation with other matters, the definite lag in education, and in spite of a few brilliant academic examples, of the nineteenth century, our own is the logical continuator of the educational program of the eighteenth century? Upon the evidences of a renewed interest in Adam Smith and others of his time, and a notable cluster of researches on eighteenth century literature, philosophy, and history, which are being conducted at the present time, the relation between the older rationalism and the newer realism, separated by a century of romanticism and vegetable growth in civilization, becomes more and more pronounced.

The more theoretical arguments for educational reform and progress were presented by Adam Smith, Rousseau, Bentham, Godwin, and Malthus. The primary organization of educational data had been achieved by Bayle and Diderot, together with

⁴⁹ *Ibid.*, Vol. II, 550 (note).

⁵⁰ *Ibid.*, Vol. I, 291. Boswell quotes Johnson: "People have now-a-days got a strange opinion that everything should be taught by lectures. Now, I cannot see that lectures can do so much good as reading the books from which the lectures are taken. I know nothing that can be best taught by lectures, except where experiments are to be shown." Again (*Ibid.*, Vol. I, 517-18), Boswell quotes Johnson: "Knowledge is of two kinds. We know a subject ourselves, or we know where we can find information upon it. When we inquire into any subject, the first thing we have to do is to know what books have treated of it. This leads us to look at catalogues, and the backs of books in libraries." These and many other celebrated remarks by Johnson do not appear to differ essentially in outlook from some proposed educational techniques of the present day, themselves to a certain extent, discontinuous.

their collaborators—D'Alembert, Condillac, Helvetius, D'Holbach, Marmontel, Buffon, Montesquieu, and Rousseau, with Diderot, and somewhat less notable contributors, with Bayle—but the compilation was without system and selection, as Voltaire, himself a contributor, had occasion to criticize.⁵¹ Its influence upon institutions of learning was, as Kant and others lamented, in some respects unfortunate, encouraging mass presentation rather than categorical treatment as it did; but, on the whole, it inspired a beneficial revolution, a desire for improvement in education, not merely a change.⁵² Adam Smith, himself, was on familiar terms with the doctrinaire portions of the *Encyclopédie*, and in general approval of its purpose. Hirst, the more recent biographer of Smith says,⁵³

One of the first of our writers to study, perhaps the first to weigh and measure the importance of the *Encyclopaedia*, was Adam Smith. . . . Smith was himself by nature and habit an Encyclopaedist, not inferior even to Diderot in his grasp of the whole field of science.

Besides the general organization of science, in accordance with Bacon's requirement, which they partly appropriated, the Encyclopedists had as their purpose the advertisement of certain doctrines, which they felt were in conformity with the new developments in knowledge. Accordingly, they were one with Adam Smith in opposing certain medievalisms which still obtained in the political, economic, and religious life of the eighteenth century. In religion, they tended toward Deism, in politics, toward beneficent monarchy, and in economics, toward a modified physiocracy. Smith embodied somewhat the same tendencies, except in government, where he was inclined to be more liberal. In education, it has been said, "The Encyclopaedists' doctrine of the perfectibility of man was the rational

⁵¹ René Doumic, *Histoire de la Littérature Française*, XXXI, 450, quotes Voltaire as follows: "Votre ouvrage est une Babel; le bon, le mauvais, le vrai, le faux, le sérieux, le léger, tout est confondu."

⁵² Cf. Doumic, *Ibid.*, 451: "... en philosophie, les Encyclopédistes tendent à ruiner Descartes au profit de Locke, en politique le principe des institutions établies, en religion l'autorité du dogme. *L'Encyclopédie* est une oeuvre de destruction. La méthode employée est d'ailleurs celle que nous avons déjà mise en lumière, à propos du *Dictionnaire* de Bayle: c'est une méthode détournée et fuyante, qui consiste à soulever les questions sans les résoudre et se contente d'avoir fait naître le doute:..."

⁵³ Francis W. Hirst, *Adam Smith*, VII, 118-9.

basis of Smith's incurable optimism,"⁵⁴ He tended to deviate, however, from the technical emphasis of the continental school, and to bring out the force of British etiquette on education, and, from this point of view, to emphasize customary morality. Rousseau was diametrically opposed to such a system of education. In his *Émile*, he proposes by example, a plan of self-education which will rely neither upon established institutions nor upon social and cultural accumulations.⁵⁵ The individual is not to be infected by pedagogical prestige and authority; he is to learn "naturally," accepting an unambiguous meaning for that term, as we must, if we accept Rousseau's logic. The utopian idealism of Godwin was based upon similar tenets, with an overwhelming confidence in the ability of the human "mind" to vindicate itself under unrestrained conditions.⁵⁶ Condorcet, in his *Historical View of the Progress of the Human Mind*, sided with Rousseau and Godwin.⁵⁷ In the decade following the publication of the *Political Justice*, Charles Darwin arose to support the position of Godwin.⁵⁸ Bentham and Malthus, more in agreement with Smith and with their own conservative tendencies, stressed the necessity of utilizing all present institutional accumulations in order to achieve worthwhile reform, both in education and in social life generally.⁵⁹ The force of their arguments for educational and moral progress, however, was just as strong as that of Godwin, though they differed radically in their methods and technology. Enlightenment, and the theories of education, were inextricably mingled with the theories of social progress which penetrated the age with increasing insistence.

Competing with the importance of general educational reform in eighteenth century thinking was the rising popularity of political economy and political arithmetic. The latter was the

⁵⁴ Hirst, *Ibid.*, VII, 120.

⁵⁵ Cf. Doumic, *Ibid.*, XXXII, 458-9.

⁵⁶ Wm. Godwin, *Political Justice*, 115.

⁵⁷ Cf. James P. Lichtenberger, *Development of Social Theory*, XI, 272.

⁵⁸ Lichtenberger, *Ibid.*, 275, quotes Darwin as follows: "Nothing could have been worse for the development of my mind than Dr. Butler's school, as it was strictly classical. . . . The school as a means of education to me was simply a blank." (*Life and Letters*, p. 29).

⁵⁹ Cf. George Johnson Cady, *The Early American Reaction to the Theory of Malthus*, in *The Journal of Political Economy*, October, 1931, 604-5.

new science of statistics applied to political administration, and it made the not always successful attempt to describe international and economic relations in terms of facts. Political economy itself was more dominated by particular biases. Nationalism of every type conspired to influence that science; and in fact, the chief role of the economist was conceived to be that of political adviser to ministers and governments. The nationalistic theory of mercantilism achieved its greatest acceptance in the seventeenth and early eighteenth century.⁶⁰ The theory was that national prosperity and progress depended upon the ability of states, through their trade policies, to attract and keep as much precious metal as possible, both in their treasuries and in the hands of private citizens. Early modern nationalism was frankly associated with military organization and power, and the favorable "balance of trade" was the most potent means by which to achieve this organization.⁶¹ The minister of finance was the pivot upon which the government depended, and so such ministers as Colbert⁶² were zealous, both in theory and in practice, to forward the money-standing of their countries. Toward the close of the seventeenth century, however, there was a gathering opposition to mercantilism, particularly in France and England. In France, the chief cause of the opposition was the fact that that nation was becoming the leading agricultural producer of Europe, while mercantilism tended to neglect both the farmer and the laborer. In England, the causes were many, including the growing democratization of nationalism in that country. Economists like Massey, Young, and Smith, were estimating the power of the proletariat to produce wealth, and they concluded not only that the farmer and the laborer must be accorded a place, but a controlling place, in the national economy. Turgot, as minister of finance for France, was able to put into

⁶⁰ Cf. Knight, Barnes and Flugel, *Economic History of Europe*, II, II, 317-8.

⁶¹ Cf. Knight, Barnes and Flugel, *Loc. cit.*: "The art of war was making great strides in efficiency and expensiveness, and any nation might have to practice it on a moment's notice. Funds in available form for such emergencies were highly necessary. . . . This was one of the reasons for the violent nationalism of commerce—it was the maritime nation which could exert naval strength in time of war."

⁶² Cf. Knight, Barnes and Flugel, *Ibid.*, II, II, 320: "Colbert was no less convinced than Mun that Spain's power rested upon the treasures of the Indies."

effect his agrarian, physiocratic theories, a new nationalism based upon large production rather than upon money income from exports. He was supported in theory and propaganda, among others, by Quesnai and the French physiocrats who “. . . set about to prove that there is in society, a natural order, a natural constitution, a physiocratie.”⁶³ The doctrine which this school set up most strongly against mercantilism was that of *laissez faire, laissez passer*.⁶⁴ In England, Pitt was one of the public defenders of physiocratic ideas, but with rise of his country as an industrial and commercial nation, he was obliged to alter his position to fit the new situation.⁶⁵ By his time, also, Great Britain had gained maritime supremacy, first over Spain, and then over Holland; and so the country was in a position to benefit by the “balance of trade” in a new way, only differing from the obsolete mercantilist theory, as a matter of fact, in that the monetary aspect of it was neglected. The island monarchy was actually pursuing mercantilist policy in the Bank of England, and in the East India Company.⁶⁶ The new nationalism of both France and England was broadened by the combination of physiocratic and mercantilist conceptions, particularly in the work of Condorcet and Adam Smith, to take in a general theory of human progress; the national economic units remained rigid, but the economic proletariat was governed by universal principles. This made the cabinet and ministerial policy of Europe less obnoxious, in view of the gathering democratization of trade, but it remained nevertheless imperial, even after the authority of Adam Smith.⁶⁷ Economic progress for the masses was one of the effects of the Industrial Revolution; and political units were not slow to capitalize upon universal progress as a particular virtue, however costly obtained. Political opposition in

⁶³ Wm. Lucas Sargant, *Essays of a Birmingham Manufacturer*, 320.

⁶⁴ Cf. Sargant, *Ibid.*, 323.

⁶⁵ Cf. Witt Bowden, *Industrial Society in England Towards the End of the Eighteenth Century*, III, 206.

⁶⁶ Cf. Paul Mantoux, *Industrial Revolution in the Eighteenth Century*, II, 100.

⁶⁷ Cf. C. R. Fay, *Great Britain from Adam Smith to the Present Day*, Intro., 3, in re Smith: “This Scotsman was in policy a liberal imperialist.” Also see J. Shield Nicholson, *A Project of Empire*, V, 60. Also see W. Cunningham, *The Industrial Revolution*, III, XVII, 593.

England, for instance, was very largely upon methodological questions, subsumable under policy.⁶⁸

All of these movements, in philosophy, education, political economy, psychology, with their ramifications in other fields as well as in social life generally, conspired to give prime importance to concepts of human progress. The turn in the social life of the times, particularly the industrial trend, emphasized an interest for progress for its own sake; and most writers who have discussed the Industrial Revolution in England have correlated it with an enthusiasm for progress, at first a novelty of history,⁶⁹ which has now appeared to have become assimilated in our natures. The modal year for this type of enthusiasm, of course, by virtue of the slow beginnings of its spread in Europe, America, and in the entire civilized world, is later than the eighteenth century; and despite some adverse criticism and *prima facie* self-contradictory pessimism,⁷⁰ we do not know yet whether or not we have reached it. At any rate, Adam Smith may be accorded the gratuitous honor of being one, if not the first, of the philosophers and prophets of social progress, characteristically concealing the moment of this concept for his system, as he did, in a technology which, at first blush, appears to be indifferent to any such bias.

⁶⁸ Cf. L. B. Namier, *England in the Age of the American Revolution*, 20-54.

⁶⁹ Cf. W. J. Ashley, *The Economic Organization of England*, 141-50. Also see R. B. Westerfield, *Middlemen in English Business*, in *Transactions of the Connecticut Academy of Arts and Sciences*, XIX, 362-9. Also see L. L. Price, *The Industrial Revolution*, in Palgrave, *Dictionary of Political Economy*, II, 399-401. Also see H. O. Meredith, *Outlines of the Economic History of England*, 231-42. Also see W. H. Hamilton, *Current Economic Problems*, 36-7. Also see Knight, Barnes and Flugel, *Economic History of Europe*, II, III, 344-79. Also see Max Weber, *General Economic History* (trans. F. H. Knight), IV, XXII-XXIII, 275-85. Also see A. J. Todd, *Theories of Social Progress*, XIII, 200-1. Also see J. B. Clark, *The Theory of Economic Progress* (Am. Ec. Assoc., Apr., 1896), 16. Also see Abbott Payson Usher, *An Introduction to the Industrial History of England*, X, 247-52. Also see H. L. Beales, *The Industrial Revolution*, VII, 58. Also see W. Cunningham, *The Growth of English Industry and Commerce*, VII, I, 617-18. Also see Frederick C. Dietz, *The Industrial Revolution*, 15-19. Also see J. L. and Barbara H. Hammond, *The Rise of Modern Industry*, II, VI, 86-7. Also see Paul Mantoux, *Industrial Revolution in the Eighteenth Century*, III, IV, 476. Also see Witt Bowden, *Industrial Society in England Towards the End of the Eighteenth Century*, I, 10. Also see J. A. Hobson, *The Evolution of Modern Capitalism*, 94-100.

⁷⁰ Cf. Werner Sombart, *The Quintessence of Capitalism*; Sidney and Beatrice Webb, *The Decay of Capitalist Civilization*; Oswald Spengler, *The Decline of Western Civilization*; etc.

III. THE ETHICAL THEORY OF PROGRESS

In the present section and hereafter, as heretofore, by "ethical theory" will be meant the *Theory of Moral Sentiments*, as by "economic theory" will be referred the *Wealth of Nations*, though, of course, there is considerable overlapping between the two, and both, for our purposes, are in the realm of morals. The ethical theory here studied will also include observations upon religion, history, psychology, and politics, which occur in the first book. The scheme which is to concern our immediate attention has already been outlined, beginning with a consideration of Adam Smith's theology.

Despite, and probably the cause of, the volume of controversial material regarding Smith's opinions on religion, the original sources of information have relatively little to say about the matter. Dugald Stewart, in his famous but inadequate memoir, offers not more than two or three biographical notes, and these are but remotely enlightening for the question at hand. "He had been originally destined" Stewart comments on Smith, "for the Church of England, and with that view had been sent to Oxford; . . ." ¹ In another place, he simply quotes John Millar's account of the "lectures," which was written for the memoir, with this meager reference: ²

About a year after his appointment to the Professorship of Logic, Mr. Smith was elected to the chair of Moral Philosophy. His course of lectures on this subject was divided into four parts. The first contained Natural Theology; in which he considered the proofs of the being and attributes of God, and those principles of the human mind upon which religion is founded.

Any other positive evidences, for the reference mentioned, have to be sought almost entirely in the author's extant works. The relevant expressions in the latter, unfortunately, are far from unambiguous, and lend themselves to the most various interpre-

¹ Dugald Stewart, *Account of the Life and Writings of Adam Smith, L. L. D.* (Published introductory to the *Theory*), 15.

² *Ibid.*, 17.

tations. The more usual subscribe to the "natural religion" which permeated the century, as does the following description:³

The real foundation for Adam Smith's faith in the ultimate harmony of the conflicting interests of individuals is to be found in his theology. . . . Like most of his contemporaries, we find Adam Smith, in the *Moral Sentiments*, relying upon natural theology as a support for moral principles, . . .

Another commentary, less favorable to the ethical theory, goes even further to make the author subservient to a definite theology. Thus, Jacob Viner states, "In his *Theory of Moral Sentiments*, Smith develops his system of ethics on the basis of a doctrine of a harmonious order in nature guided by God, . . .";⁴ and again, "The harmony and beneficence to be perceived in the matter-of-fact processes of nature are the results of the design and intervention of a benevolent God."⁵ Most of the passages cited to substantiate these statements occur in the relatively short division of the ethical theory which is entitled, *Of the influence and Authority of the general Rules of Morality, and that they are justly regarded as the Laws of the Deity*, third part, fifth chapter, of the *Theory*. Other passages, equally and openly responsive to the charge made, are discoverable in plenty in other sections of the book, but they are most often out of context, irrelevant, and casual, to the discussion. All are in that redundant, reassuring style so typical of Smith. The interesting fact which has not been recognized, though, is that even in the chapter mentioned there are serious qualifications to the theological bias charged. For instance, after criticizing the more primitive religions for their anthropomorphizing tendency, but finding a genuine utilitarian value in their sanctions however mistaken, Smith turns to the method of "philosophical researches" without one mention of deity. Here, he expresses full approval of the Humean moral system: "What is agreeable to our moral faculties, is fit, and right, and proper to be done; the contrary, wrong, unfit, and improper."⁶ Thereafter, of course, he tries to equate this to theological conceptions, but the result

³ G. R. Morrow, *Adam Smith: Moralism and Philosopher* in *Adam Smith, 1776-1926*, 170.

⁴ *Adam Smith and Laissez-Faire* in *Adam Smith, 1776-1926*, 119.

⁵ *Ibid.*, 121.

⁶ *Theory*, III, V, 234.

evidences a naturalism rather than a theology, as witness the following words:⁷

The natural course of things cannot be entirely controlled by the impotent endeavors of man: the current is too rapid and too strong for him to stop it; and though the rules which direct it appear to have been established for the wisest and best purposes, they sometimes produce effects which shock all his natural sentiments.

Generally, only a very lame theological reassurance can be implied from such statements; and it is certainly not an essential part of the argument. But, on the other hand, whatever element of literary disguising or covering up which the author engages in, is not in favor of religious faith—quite the contrary.

It seems probable, as a matter of fact, that the author's theology has been over-stated, and as in the case of his metaphysics, is more terminological than real. Referring to the *Moral Sentiments*, Hirst is in agreement with this conclusion:⁸

From this, his first important work, we may sufficiently ascertain how far Smith's philosophy of life was based upon religious conceptions. Fortune governs the world. Nature intended the happiness and perfection of the species. Every part of nature, when attentively surveyed, equally demonstrates the providential care of its author. Smith's own skepticism is so carefully phrased and so disguised in soft language, that a stupid reader is never perplexed, a devout one never offended.

The same critic and biographer notes Smith's alleged open materialism in the "restricted" lectures, and his favorable acceptance of Machiavelli's and Hume's doctrines regarding the State Church.⁹ While these latter would not prevent him from a sincere committance on religion such as Deism, his most personal attitude was in conformity to Hume, a legalistic rather than strictly theological view of nature. The resurrected notes taken by a student in attendance on the lectures of "Jurisprudence" mention the names of Grotius, Hobbes, de Cocceii, and Puffendorf,¹⁰ as sources for the study. The peculiarly Roman and British concept of *jus naturale* evidently made its strongest imprint upon Smith's mind through these sources. He also finds himself in general approval of the Stoic philosophy¹¹ which was

⁷ *Ibid.*, III, V, 239.

⁸ F. W. Hirst, *Adam Smith*, III, 39.

⁹ *Ibid.*, 42-3.

¹⁰ Edwin Cannan (Editor), *Lectures on Justice, Police, Revenue and Arms*, 'delivered in the University of Glasgow by Adam Smith, reported by a student in 1763', 1-3.

¹¹ *Theory*, VII, § 2.

responsible for the similar concept of "natural law," in the thought of Zeno and Epictetus as well as their Academic and Peripatetic ancestors in metaphysics and ethics. It was the temper of such concepts as these which motivated the philosophy of Hume and Smith, in their common attempt to find simplicity and order in the manifold configurations of experience,—an interest which certainly would not have been satisfied with the summary and gratuitous deductions of "national religion." Even the legal simplicity of "natural justice," conceding to the mediatory aspects of Roman equity, was not as flexible as Smith's own casuistry, as the following passage attests, the reference being to crimes committed in the pursuit of mistaken religious duty:¹²

In this, therefore, the greatest mutual forbearance and tolerance is due; and though the defence of society requires that crimes should be punished, from whatever motives they proceed, yet a good man will always punish them with reluctance,

The dominant note of toleration, even in the possible exception where justice is identified with "resentment," connects up with the author's broad sociological, scientific, interests, rather than with any didactic or theological tenets.

The drift in Hume's thinking, following his perfectly empirical but abstract and static analysis of experience, was toward a conservative ethics, as already noted. From one side, his was certainly the apotheosis of the formal, sociological ethics which Lévy-Bruhl¹³ in later years labored so hard to advance. His moral preference¹⁴ for the "natural virtues," obedient to the Romano-British precedent, demonstrates his acceptance of the current order, since his problem was to show that *all* things are natural in the last analysis. The truly eighteenth century optimism of Pope, as merciless as it was reactionary, was in entire agreement with Hume's theoretical position: "One truth is clear, Whatever is, is right."¹⁵ Pope expressed the hard conformism of the age most baldly, with the reassuring side reference to capitalized *Nature*, but not intending to convey the impression of any too significant religiosity—as the following passage brings out:¹⁶

¹² *Ibid.*, III, VI, 252.

¹³ L. Lévy-Bruhl, *La Moral et la Science des Mœurs*, V, 140.

¹⁴ Cf. G. R. Morrow, *Ethical and Economic Theories of Adam Smith*, 54.

¹⁵ Alexander Pope, *An Essay on Man*, I, VII.

¹⁶ *An Essay on Criticism*, I, line 68 on.

First follow Nature, and your judgment frame
 By her just standard, which is still the same:
 Unerring Nature, still divinely bright,
 One clear, unchanged, and universal light,
 Life, force, and beauty, must to all impart,
 At once the source, and end, and test of Art.

Smith, however, as with Hume, was at less pains to discover naturalistic sanctions to doctrines already held, most notably true in the case of Pope, than to develop a genetic approach to the admitted values which a relatively adult civilization undoubtedly possesses. The resulting ethics, while still conformist to a great degree, was far from the extreme which has been exposed.

Part one of the *Moral Sentiments* is entitled, "Of the Propriety of Action." By the category of *propriety* it is meant to imply the less illustrious virtues such as prudence, respectability, and the like. This part of the book also serves as the psychological basis for the considerations on justice and benevolence which follow. The psychology is largely Hume's, emphasizing as it does the factor of *resemblance*, the calling forth of automatic responses from every normal human being:¹⁷

Whatever is the passion which arises from any object in the person principally concerned, an analogous emotion springs up, at the thought of his situation, in the breast of every attentive spectator.

The case in which we do not react favorably to the actor's emotions is not an exception, but simply an instance of negative sympathy, which brings out the general law of the occasion. That is to say, "Sympathy, therefore, does not arise so much from the view of the passion, as from that of the situation which excites it."¹⁸ The important fact which comes to the front in all such behavior, is the concomitant pleasure which is always associated with it, as the title of the second chapter indicates, "*Of the Pleasure of Mutual Sympathy.*" At all times remembering the Greek derivation of the word—feeling with, or "fellow feeling," which Smith also uses—the esthetic quality connected with it is produced in a number of ways, by concord,¹⁹ by suitability,²⁰ by "justness,"²¹ and the like. The esthetic adjustment

¹⁷ *Theory*, I, § 1, 5.

¹⁸ *Ibid.*, I, § 1, 7.

¹⁹ *Ibid.*, 14.

²⁰ *Ibid.*, 17.

²¹ *Ibid.*, 20.

is always achieved by a relative delicacy and observance of common good behavior. Thus, "Taste, in the same manner, is originally approved of, not as useful, but as just, as delicate, and as precisely suited to its object"²²; the "mot just" which later became the banner-cry of literature, was not, from this point of view, very different from the "right action" which was preferred. Even the Smithian variation of the golden rule adumbrates this same attitude: ". . . it is the great precept of nature to love ourselves only as we love our neighbor, or, what comes to the same thing, as our neighbor is capable of loving us."²³ The desire and pursuit of worldly goods is similarly justified by the sentiment of propriety: ". . . it is chiefly from this regard to the sentiments of mankind, that we pursue riches and avoid poverty."²⁴ In these ways, Adam Smith subscribed to an etiquette which was predominantly English in its manifestations, glorifying the culture of his own country, which at that time, of course, was Scotch-English. Indeed, he had hardly any other ideal to which he might refer. Not only Montesquieu and Voltaire, but the whole of French literati, admired and imitated the British system, as in turn the Germans admired and imitated the French. The earlier "bonhomme" and the later "gentilhomme" had direct reference to the Island type. Thus, the English gentleman had become to be regarded as the embodiment of the most perfect "propriety." The *Theory* found its materials from which to draw, close at hand.

The second part of the book is an investigation "Of Merit and Demerit; or, the objects of reward and punishment." The implication is to a theory of justice. It is at this point that the doctrine of sympathy becomes allied to the concept of "Resentment" as a sort of "negative benevolence," which is sometimes called, and as indispensable to the security and continued order of society. It is both proper, or natural, and reasonable that we should sympathize with the resentment of a person who has been injured by another. Punishment and reward should be distributed in as precise a manner as possible.²⁵ "The natural gratification of this passion," that of resentment, "tends, of its

²² *Ibid.*, 21.

²³ *Ibid.*, 27-8.

²⁴ *Ibid.*, I, § 3, 11, 70.

²⁵ *Theory*, II, § 1, 1, 96.

own accord, to produce all the political ends of punishment; the correction of the criminal, and the example to the public."²⁶ There is therefore both the psychological and the utilitarian sanction of the "necessary law of retaliation,"²⁷ the last word in the retributive theory of justice. The greater universality of justice, however, somewhat moderates the excesses of feeling which individuals may have, in this regard. Smith introduced an elaborate description of the adjustments which must take place between individuals, lowering or raising the pitch of the particular resentment, until a comparable community of feeling is reached which will embrace both the less, as well as the more, interested spectators. Thus, he says:²⁸

Let it be considered, too, that resentment, though, in the degrees in which we too often see it, the most odious, perhaps, of all the passions, is not disapproved of when properly humbled, and entirely brought down to the level of the sympathetic indignation of the spectator.

The conservative ideal of justice, comparable to that of propriety, in this connection, comes out openly in favor of the "common law," and the popular equity of the time. In this, the more positive element in justice than has been apparent so far comes to light. Besides "resentment," there is evidently the minimum of required benevolence for the continued existence of an orderly State. It is desirable to have some agreement between individuals concerning the proportionment of awards for good behavior. This proceeds along the lines of common sympathy, of course, and according to the analogy with games and sports which occurs frequently in the *Moral Sentiments*, is to be governed by fair play.²⁹ As long as the rules of the game are observed, that is to say, the spectator will approve of whatever advantages accrue to the actor. How this conforms to the traditional sportsmanship of the English gentleman, is a point upon which no comment is necessary.

At first blush, benevolence appears to have characteristics widely differing from those of justice. It is still, however, in

²⁶ *Ibid.*, 96.

²⁷ *Ibid.*, 99.

²⁸ *Ibid.*, 108, note.

²⁹ Cf. G. R. Morrow, *Ethical and Economic Theories of Adam Smith*, III, 48: "Justice, therefore, is the principle of fair play. Smith sometimes calls it negative beneficence, since it consists in refraining from injury to others."

Smith's treatment, in the realm of customary morality. As has just been pointed out, it was already comprised in the positive aspects of justice which "seem alone to require a reward,"³⁰ and departs more in degree than in principle from the first concept. If we may liken propriety to the golden mean, and justice to the minimum, then benevolence will be the approach to the maximum or *summum bonum*, of ethical activity. "That seems blameable" says Smith, "which falls short of that ordinary degree of proper beneficence which experience teaches us to expect of everybody; and, on the contrary, that seems praiseworthy which goes beyond it."³¹ While the falling short of the requirements of justice, however, makes one susceptible to punishment, any lack in benevolence is most generally accorded no outright correction.³² In this, and in many ways, it is at one with propriety, not a necessary but an esthetic adjunct to life in society. But, in accordance with the great benefits which may arise through the consistent and thoughtful practice of benevolence, it may be considered the duty of rational beings to further it. The reference is still ego-centric and utilitarian. The psychological ground for this more exalted form of sympathy is apparently regarded as hereditary and innate, for, "Nature, when she formed man for society, endowed him with an original desire to please, and an original aversion to offend his brethren."³³ This sense of appreciation and the desire to please, must proceed, in the first instance, from self-approval, in the judgment of the "impartial spectator" who likens the self to other members of society. Thus, "This self-approbation, if not the only, is at least the principal object, about which he can or ought to be anxious. The love of it is the love of virtue."³⁴ All virtues, the higher as well as the lower, are based on this semi-individualistic criterion which recognizes the beauty and moral usefulness of a high level of civilization, and proceed from what Smith calls "the love of what is honourable and noble, of the grandeur, and dignity, and superiority of our own characters."³⁵ The educated and refined conscience of every moral being offers a constant picture of the ideal to be pursued, but neither from a general

³⁰ *Theory*, II, § 2, 1, 112.

³¹ *Theory*, 115.

³² *Ibid.*, 115.

³³ *Ibid.*, III, II, 170.

³⁴ *Ibid.*, 171.

³⁵ *Theory*, 194.

rule of casuistry nor from an *a priori* imperative, since the insight arises only in individual experience. "The general rule, on the contrary, is formed by finding from experience that all actions of a certain kind, or circumstanced in a certain manner, are approved or disapproved of."³⁶ Our sympathy, at basis, is with the beauty and harmonious working of the existing social fabric, including those refinements and intricate interrelations which exist over and above the prevailing system of justice. The ideal which these insights are intended to support, is evidently an esthetic and conservative one. The higher etiquette of conscience and duty, with the minor exceptions which have been noted, was perfectly analogous to the lower one of propriety.

We have seen how the doctrine of sympathy runs through the entire ethical theory of Adam Smith, and offers criteria at every level of moral behavior. Even at the level of duty or conscience, where one authority thinks it is unessential,³⁷ it constitutes a major fact, sympathetic appreciation of the finer characteristics of community life. At this point, the subjective principle of "fellow feeling" most notably parts company with Hume's parallel principle. There is a shift of emphasis in which the utilitarian value is, for the time being, neglected. Attention is turned, and the epithets concerning greatest excellence in virtue are applied, to character rather than to actions. Haldane brings out most clearly the effect of moral judgment which is thus evolved:³⁸

Smith finds that the essential element in moral sentiment is a direct sympathy with the motives, and not with the consequences, of action.

The motives undoubtedly represent implicit actions, or intention having *some* reference to action, but the actual success or failure, good or bad effects, of the latter, have little to do with the real goodness of the intention. In order to be good or bad in every respect, actions must be deliberately³⁹ good or bad. They cannot have that lucky quality which, in the *Fable of the Bees* of Mandeville made "private vice, public benefit," when their original

³⁶ *Ibid.*, III, IV, 224-5.

³⁷ August Oncken, *Die Ethik Smith's und Kant's*, 100.

³⁸ R. B. Haldane, *Life of Adam Smith*, III, 57. ("Smith" has been substituted for "He" in this reference).

³⁹ *Theory*, III, II, 176.

motivation did not have any such end in view. Conscience, as identified with reason,⁴⁰ in the broad view of the "impartial spectator," must look forward, it is true, to beneficial results, but to results in direct logical line with its intentions. The element of reason, however, was not Kant's, but an empirical, inductive one which was willing and necessitated to take into account every contribution of experience. It was essentially the factor of self-education, and self-control,⁴¹ in accordance with the subjective if not entirely individualistic, tendency of the ethical theory, which brought out its rule for the highest moral estimation. It was the importance of knowledge and conscious foresight of, the serious and informed attention to, the moral problems which constantly face individuals, which was stressed. Enlightened sympathy might therein pretend to solve the most difficult questions of conduct, both as to what is presently acceptable, and as to what may constitute genuine improvement and ethical progress, in the future.

The aspects of duty and conscience, in this way, have been subsumed under the wider context of universal sympathy. *It* includes within itself all moral values whether subjective or objective, utilitarian or intuitionist, abstract or concrete. Rules are chiefly incidental to its function, and *its* attitude in regard to them is one of moderation, in a finer graduated casuistry than they can express. Only in the case of justice do we find rules approaching any degree of rigidity: "The rules of justice may be compared to the rules of grammar; the rules of the other virtues" those of propriety and benevolence, "to the rules which critics lay down for the attainment of what is sublime and elegant in composition."⁴² The resulting ethical system is a relatively live one, allowing for broad moderation and temperance as we have said, in the application of its principles. If the principle of self-estimation is too high or too low, it may be adjusted to meet the situation.⁴³ If benevolence is too much to expect, then propriety can substitute with its less exalted scheme of

⁴⁰ Cf. E. Muir, *The Ethical System of Adam Smith*, 57: "We find, then, that conscience, in the *Theory* is identified with reason;"

⁴¹ *Theory*, VI, § 3, 349.

⁴² *Theory*, III, VI, 250.

⁴³ *Ibid.*, VI, § 3, 362.

conduct. If propriety fails, there is always the minimum which justice requires, whether or not entirely acceptable or comprehensible to the individual. It is true, however, that "The wise and virtuous man directs his principal to the first standard—the idea of exact propriety and perfection."⁴⁴ He will follow it as far as he humanly can, and thereafter will aim toward as close an approximation⁴⁵ as he is able to compass. Thus, the ethical theory of Adam Smith is at once empirical and mediatory in its drive. Its empiricism was not the abstract one of Hume, but one consonant with a greater range of particular, actual and repeated, experience. It was a morality to be practiced, a sort of glorified, but generous and flexible, etiquette, not proposing any very drastic changes in the established order. It most thoroughly bowed to the ethical requirements of situation and circumstances. The implicit theory of progress showing through it, despite the inescapable innateness which was attributed to moral sentiments, was optimistic of the power of education in morals, generally, and in England, specifically, at the time of the writing.

⁴⁴ *Ibid.*, 363.

⁴⁵ *Ibid.*, 363.

IV. THE ECONOMIC THEORY OF PROGRESS

The full title of Adam Smith's treatise on economics is, *An Inquiry into the Nature and Causes of the Wealth of Nations*. He evinced his interest at the very outset, as this shows, in a study of progress, with particular reference to the causes of material prosperity and well-being. He thus placed himself at the head of a long line of "welfare" economists, as well as those of pure economic theory. It is somewhat of a problem to determine which of these interests was his primary one, but on the evidence of his none too meticulous attention to the theoretical consistency of his system, it seems probable that the first one was. This probability is greatly augmented when we find that the theoretical developments themselves embodied a certain axiomatic acceptance of assumptions native to the other. The varying importance of the theory of progress, which runs through the entire discussion, while thus having ostensible and didactic reference to a theory of *Wealth* only, could not escape branching off into the more general field of morals. There is therefore a necessary concern for the indirect, though not accidental, values which are associated with industrial prosperity. The community between the two sets of values, nevertheless, will remain partial and conditional, as one of the latest "welfare" economists has noted, in a special instance of it: "In this case, therefore," says Pigou in reference to semi-charitable activities which are still motivated by a discernible economic interest, "the gap between the effect on economic welfare and the effect on total welfare is partially bridged."¹ It may be said of Smith that he was interested in showing how this gap can be and is reduced.

For the theoretical purposes of a definite and relatively tenable *system*, tenable at least in view of its lesser local application and acceptance, Adam Smith was the founder of his science, and thereon hang grave responsibilities. Besides the factor of its being a relatively new science, Economics, finding ground

¹ A. C. Pigou, *Wealth and Welfare*, I, 1, 7.

in the peculiarly modern setting, from the dawn of the Industrial Revolution to the belated French Revolution, carried with it an almost necessary optimism. Comment has already been made as to how this tendency was expressed in the philosophy and literature of the age. *It* belonged distinctly to the times; for through Smith's immediate successors who straddled the centuries, and who witnessed the reactionary English wave of conservatism² during and following the French Revolution, was gained the epithet of "the dismal science" for economics. Not until, and practically only in J. B. Say do we find a comparable cheerfulness, once it had been eclipsed.³ The end of the century was so apparently different from the middle to the early fourth quarter, where Smith was so immensely popular,⁴ that John Gray was able to publish a commentary along the lines of the impiety, "in opposition to some false doctrines of Dr. Adam Smith, and others."⁵ The most curious historical fact, of course, was that which has been amply described in the many analytics, the sanctions which very opposite schools were enabled to find in the leader. Thus, the responsibility was almost always pretty definitely his, in the underlying philosophy, that of progress, rather than in the specific categories of his theory. In this way, some of the more palpable confusions of the "classical" doctrine have been related to its ethical and teleological assumptions.⁶ The criticized teleology, however, was more on the order of a legal and pragmatic approach, than of an explicit metaphysics, as has been noted in the *Moral Sentiments*.

On the fact of this naturalism, the thing which seemed to impress Adam Smith most was the mechanical justice of the social economy. He gives vent very early in the *Wealth of Nations* to the very characteristic hopes of *laissez-faire* doctrine when he discourses "Of the principle which gives occasion to the division of labour:"⁷

² Cf. Melchior Palyi, *The Introduction of Adam Smith on the Continent in Adam Smith, 1776-1926*, 196: reference to James Steuart.

³ Cf. M. Palyi, *Ibid.*, 206-7.

⁴ Cf. M. Palyi, *Ibid.*, 180-1.

⁵ *Essential Principles of the Wealth of Nations*, etc., (1797).

⁶ Cf. A. C. Whitaker, *History and Criticism of the Labor Theory of Value*, I, 14.

⁷ *Wealth of Nations*, I, III.

This division of labour, from which so many advantages are derived, is not originally the effect of any human wisdom, which foresees and intends that general opulence to which it gives occasion. It is the necessary, though very slow and gradual, consequence of a certain propensity in human nature which has in view no such extensive utility; the propensity to truck, barter, and exchange one thing for another.

At least two things appear to be implied here; (1) that progress *has* taken place, and probably will continue to take place, without any conscious human planning, and (2) that economic science purely as such, depends upon this very fortunate "propensity" of human nature. Note that this view is not any merely offhand, or more than usually careless expression, of the author, since we find the same confidence expressed in widely different contexts.⁸ The first assumption, as with most or all first assumptions, is as to a matter of fact, a condition in society, that is, which automatically improves it in the lapse of time. Undoubtedly, increased division of labor was one of the concomitant factors of the Industrial Revolution, but its benefit to society has not always been perfectly obvious, and probably less in the time of Smith than now.⁹ That this one cause, of course, should be totally responsible for the alleged "opulence" of the times, is not quite supportable, as one critic brings out in contrasting with J. B. Say:¹⁰

Say, on the contrary, saw clearer than Adam Smith ever did, the two new forces ruling the new century: the machine as the realization of capital and the entrepreneur, whose role he started to emphasize, as the personal factor behind it; in better accordance with the technical spirit and interest of the time, his own interest was on the side of progress in industrial technique.

At any rate, and on almost any basis of reckoning, the cost of that change was not repaid or justified in the same century, morally considered. Later on, the doubtful value of purely formal freedom in the thus engendered industrial atomism, came to be suspected, the more so when it became evident that only those relied solely upon their shares in the power equalization of free-competition—who had to.¹¹ The great watch-word

⁸ Cf. *Wealth of Nations*, I, V, and I, VI.

⁹ Cf. Knight, Barnes and Flugel, *Economic History of Europe*, II, IV, 382, and following, in re horrors of early factories.

¹⁰ M. Palyi, *The Introduction of Adam Smith on the Continent*, 206-7.

¹¹ Cf. Knight, Barnes and Flugel, *Ibid.*, II, IV, 409: "*Laissez-faire* commercial capitalism lost its economic leadership to a *laissez-faire* industrial capitalism already tainted"

"laissez-faire," in other words, served to cheapen the production cost to the entrepreneur-capitalist, the latter retaining all the while his personal advantage of favoritism and political power. These abuses, historically and empirically *natural*, in the Smithian doctrine even, brought about a complete inversion of thesis in the Marxian theory, that is, from no governmental concern in industrial development, to complete governmental concern. In fairness to Marx, however, it must be admitted that he conceived of political control as one aspect of the social economy.¹² Even Smith recognized the natural advantage of employers, in their relative freedom to combine,¹³ so that he felt that any law designed to aid laborers must be a just and honest one.

The exceptions to the general preference of laissez-faire in the economic theory are many and varying in importance.¹⁴ There is no general formulation of the natural law, in fact, to which the principle might be supposed to conform.¹⁵ There is just the often stated and deep seated approval of industrial freedom, as a reform measure of national and international scope, to effect or re-establish the "natural" order of things. Viner sums up the proposed changes to gain this end, in the following words:¹⁶

Four main reforms are advocated. Free choice of occupations is to be established through the abolition of the apprenticeship regulations and settlement laws; free trade in land, through the repeal of laws establishing entails, primogenitures, and other restrictions on the free transfer of land by gift, device, or sale; internal free trade, where such does not already prevail, by the abolition of local customs taxes; and most important of all, free trade in foreign commerce, through the abolition of the duties, bounties, and prohibitions of the mercantilistic regime and the trading monopolies of the chartered companies.

While these proposals offer serious limitations to the established functions of government, and make them plainly subsidiary to the needs of society rather than the reverse, they are to remain, after some pruning has taken place, as guarantors of public and

¹² Cf. W. Windelband, *History of Philosophy* (Tufts' trans.), VII, 655, in re Marx: "All the different activities of civilization are thus only offshoots of the economic life,"

¹³ *Wealth of Nations*, I, VIII.

¹⁴ Cf. Jacob Viner, *Adam Smith and Laissez-Faire* in *Adam Smith*, 1776-1926, 139.

¹⁵ Cf. J. Viner, *Ibid.*, 126.

¹⁶ J. Viner, *Ibid.*, 133.

national security.¹⁷ The efficient¹⁸ and beneficial functions are to continue as instruments where the broader needs of social welfare call for supervision of enterprise, and the administration of justice. Thus, the prejudice against governmental authority and power, where it comes to the front in the economic theory of Smith, is rather against that selfish aspect of it which subordinates all other purposes to its own aggrandizement, than against that principle of organization which we are inclined to associate with democracy. The only remedy against the evils of the first type of government, with its self-appointed ideal, is evidently to vitiate it by continual qualifications of its authority. Until the dangers become nominal and ineffectual, they must be combatted, or as in Bonar's imaginary conversation with Smith, "Till there is monopoly, I incline to cure competition by more competition."¹⁹ Freedom is a paramount value where oppression and forced inequality are dominant, and not where these elements are absent. Such were the determining factors in the limited "let alone" policy advocated by the author here considered.

It is now in place to consider how this policy, and the underlying theory of progress, affected the doctrine of value. Not unlike the ethical theory of value, it will be found that the economic one offers both an ultimate and a utilitarian scale. In Smith's naturalistic view, the value of any commodity at last resort, depends upon its cost; and the relation between value and cost is causative and necessary.²⁰ Cost itself is categorically and finally limited to labor-cost, probably because of the emphasis which is placed on that type of production.²¹ That is to say, in the words of Smith, "Labour was the first price, the original purchase money that was paid for all things."²² Nevertheless, he was as aware as we are today that the labor-cost, or any cost, is not written unmistakably upon commodities when they enter a market. There is, then, involved a translation of the cost rela-

¹⁷ Cf. J. Shield Nicholson, *A Project of Empire*, V, 60.

¹⁸ Cf. J. Viner, *Ibid.*, 148.

¹⁹ James Bonar, *The Tables Turned*, 33.

²⁰ Cf. L. H. Haney, *History*, X, 202: "Accordingly, without adequate consideration of the case of natural scarcity, a cost theory is the one which prevails in Smith's mind."

²¹ Cf. John Rae, *Sociological Theory of Capital*, App., Art. VIII, 383.

²² *Wealth of Nations*, I, V.

tion as it becomes an item in exchange, assuming that it was not just such an item from the beginning of its existence. The notable thing, in this reference, is that the translation does not immediately concern utility, value in use,²³ as such, but is simply a carrying over of the original production cost. In the mechanism of demand and supply continually approaching an equilibrium price, there is a sort of intuitively known cost element, recognized by all rational buyers and sellers as the limiting basis for exchange, the "labor-command" value. The point is, that in a fully competitive market, those things will exchange for each other which came into existence through equal applications of labor, equal quantities of "toil and trouble,"²⁴ when the fact of production is conceived of as pure disutility. Thus, labor-cost, as the measure of value, still retains the causal element. The system, of course, was in part ideal, not fully realized in the current economy, and intended to be a picture of the direction in which commercial forces were, and should be, tending—a direction favorable to the masses who gain their living by physical labor, chiefly. Further progress along the lines outlined, presumably, would tend to solve more of the problems of economic adjustment, and of social welfare.

Two plain assumptions, in this first analysis of value, are pretty obviously untenable. The simplest, and second in point of time, that buyers, even in the long-run situation and under conditions of perfect competition, *entirely* substitute, or should substitute, labor-cost valuation for their own utility standard, introduces a somewhat puerile conception of market motives. Such a criterion, if effective, would virtually paralyze any market. Again, if an exchange system as a whole would not choose between things of equal labor-cost, there is no reason why commodities of worthless consumers' value should not be produced in equal quantities with utilities. This is, certainly, unfair to Smith, since it brings out his over-emphasis of the causative theory in one direction, from producer to consumer, while underestimating the other, entirely possible, direction in his thinking. We can be charitable, with Whitaker, and note that the rounded

²³ Cf. A. C. Whitaker, *Labor Theory*, II, 20: "But Smith finds the significance in labor instead of in satisfaction."

²⁴ *Wealth of Nations*, I, V.

system admits of a not very explicit entrepreneur's cost theory of value.²⁵ In this way, the consumer's ultimate interest in, and influence on, production, may be more sufficiently recognized. Nevertheless, the sustained drive in the analysis of exchange, is to limit the field to pure production phenomena, as has been noted. The first desideratum of the implicit theory of progress was that labor should be equitably recompensed for its irksomeness; and this would naturally take place, it was assumed, through absolutely free competitions, or, what amounted to the same thing, the prevalence of market conditions *only* in the technology of distribution. The earlier judgment, where efficiency counts in the creation and distribution of values through *division* of labor, is entirely dropped in the abstract account of value. The essential role of progress is therein blunted in the abstract treatment.

To be sure, the author of the *Wealth of Nations* was not noteworthy in his few metaphysical attempts; and it was, accordingly, in his neglect of logical consistency that arose his first assumption, above referred to, in the critique of value. This assumption amounts to this: taking for granted the roughly equitable adjustments of the market, the quality of labor is generally uniform, and, as a measure of value, may be denoted in time units. Whitaker brings out this conception the most clearly:²⁶

Uniformly, the tacit assumption underlying his thought seems to be that of the inborn equality of powers in men. Keeping this assumption in mind, we see that Smith's view amounts to the theory that all occupations are about equally well rewarded, all things considered. Higher wages are paid only where there is more labor, ultimately in the sense of *disutility*. The *inequalities* of wages are such only in proportion to the *time* of labor.

This doctrine introduces one line of similarity to the *Theory of Moral Sentiments* where Smith has occasion to remark on the actual community of quality between men, such that the gulf between the philosopher and the common street-porter is not as great as imagined. The Lockean theory of democracy, as another index of real progress, thus crops up in economic think-

²⁵ A. C. Whitaker, *Labor Theory*, III, 31: "As a theory of value to apply to actual life, Adam Smith left us an early form of the law of entrepreneur's cost"

²⁶ *Ibid.*, II, 24.

ing, again probably a substitution of "what ought to be" for "what is." The dictum of the American *Declaration of Independence*, "that all men are created free and equal, we take to be self-evident," voices the same assumption noted in Karl Marx,²⁷ as in Smith, that all men *should* be free and equal, which became the pious hope for the future. For the present reference, the difficulties which the pure labor-measure bred, necessitated admitting of other factors in the actual workings of value. Inasmuch as there is no noticeable success in organizing these latter factors into any one very consistent whole, the attempt at system is abandoned, and these are invalidated.²⁸ They can be saved for an entrepreneur's cost of production theory, which may be more accurate in adjusting the component parts of cost to the effective demand in a static situation, only insofar as the parts are truly segregated. It is not evident that Smith achieves this further segregation, or that he is at last, dealing with a static situation at all.²⁹ His analysis was based upon the available facts of a historical development, or a "hypothetical history"³⁰ as it has been called, he was concerned with the future development of economic norms, and his entire empirical perspective presupposed change.

On the other hand, he may be said to have recognized and differentiated the short and long run conceptions, important for the theory of progress. For the first, which when very short, may be regarded as comparatively timeless, the money price may be denominated for objective value.³¹ This can be considered little more than a truism, since it simply reaffirms the first definition of value, or rather, sets up one to fit the limiting case which

²⁷ Cf. Thorstein Veblen, *The Place of Science in Modern Civilization*, 412.

²⁸ Cf. A. C. Whitaker, *Labor Theory*, IV, 40: "Since, therefore, the labor-command standard of value is made to depend upon labor-cost regulation of value, according to the principal argument advanced by Smith, it follows that Smith is really estopped from applying the labor-command standard as he does under the conditions of advanced society. For he himself has stated that labor-cost regulation of value falls under these conditions."

²⁹ Cf. John Maurice Clark, *Adam Smith and the Currents of History in Adam Smith*, 1776-1926, 70-3.

³⁰ J. M. Clark, *Ibid.*, 71.

³¹ *Wealth of Nations*, I, V: "At the same time and place, therefore, money is the exact measure of the real exchangeable value of all commodities. It is so, however, at the same time and place only."

is chosen. This is about as close, however, as Smith ever comes to a purely static analysis, and he does not undertake to apply it hypothetically, even admitting a margin of error, to a wider context, such as Mill attempted³² later on. For the long run, on which most of his arguments are based, loosely varying from the season, to the year, to a number of years, he maintained the validity of the "natural price;"³³ and of the labor cost of production, together with the corn index, as a long run measure of value, objective for long periods,³⁴—thus openly reasserting the causal theory. This instance alone should prove his bias in favor of deterministic progress, that is to say, a particular kind of progress.

The doctrine of value implied one of distribution, as exhibiting the consistent ethical drift of the *Wealth of Nations*. The predominant antinomy of the economic ideal comes to light here, not only as a possible historical fact, but in the reasons adduced for its existence. It has been noted how free competition is supposed to have generated from "the propensity to truck, barter, and exchange one thing for another," and responsible for "that general opulence to which it gives occasion." But, in the second place, it is affirmed that it would be a good thing to have real economic freedom, and the consequent just distribution of goods:³⁵

No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable. It is but equity, besides, that they who feed, clothe, and lodge the whole body of the people, should have such a share of the produce of their own labour as to be themselves tolerably well fed, clothed, and lodged.

Obviously, there is here assumed a causally fixed proportion between the standard of life of labors and that of capitalists

³² John Stuart Mill, *Principles of Political Economy*, III, II, 448.

³³ *Wealth of Nations*, I, VII: "The natural price, therefore, is, as it were, the central price, to which the prices of all commodities are continually gravitating. Different accidents may sometimes keep them suspended a good deal above it, and sometimes force them down even somewhat below it."

³⁴ Cf. L. H. Haney, *History*, X, 205-6: "Holding the idea he did of value as an objective exchange relation, however, his quest of a long-time or absolute standard is inconsistent."

³⁵ *Wealth of Nations*, I, VIII.

and landlords, the wages-fund doctrine of capital.³⁶ "The capitalist is then a grub-staker" according to the phrase of Douglas, "who, by his possession of working capital, is able to induce the workers because of their present necessities to surrender to him a portion of their final product."³⁷ Insofar as the distribution is not therefore equitable to all classes concerned, in the contemporary economy, the assumption is one in regard to the future, what ought to be, or what *would be* under perfectly free conditions. Economic science, then, is clearly based upon this "what ought to be" rather than on "what is." The imputation of concepts of progress is so strong at this point, that it is not possible to avoid them. The present is embryonic of the future; implicit potential, goods in the present, will become explicit, actual, goods in the future.

The element of socialist teachings which may be found in, and traced back to, the economic theories of Adam Smith, is well known. Thus, the debt of early English socialism has been declared to be greater, and in more direct line, to him, than to Ricardo.³⁸ Even the watch-word and slogan, "the whole produce of labor belongs to the laborer," which was associated with this body of doctrine, is stated and repeated by Smith.³⁹ The disastrous tendency of the whole industrial institution of society to approach a deadly equilibrium, the static State, which characterized the thinking of Mill,⁴⁰ as well as that of Engels and Marx,⁴¹ finds analogy in Smith's⁴² system. Thus, there is the interest in determining the right and actual shares which should accrue to the component factors of production, as brought out in the theories of rent, interest, and profits.⁴³ Outside of his feeling that there *should* be an equitable distribution of goods,

³⁶ Cf. Paul H. Douglas, *Smith's Theory of Value and Distribution in Adam Smith*, 1776-1926, 103.

³⁷ *Ibid.*, 103-4.

³⁸ P. H. Douglas, *Ibid.*, 98.

³⁹ Cf. P. H. Douglas, *Ibid.*, 95-6. Also see *Wealth of Nations*, I, 49, 51, 66-8, 80 (Cannan Ed.).

⁴⁰ Cf. L. H. Haney, *History*, XXII, 419.

⁴¹ Cf. T. Veblen, *The Place of Science in Modern Civilization*, 416-17.

⁴² Cf. P. H. Douglas, *Ibid.*, 109. Also see *Wealth of Nations*, I, 73, 82, 83, 96, 98.

⁴³ Cf. P. H. Douglas, *Ibid.*, 107-15.

Smith had in the background of his thinking the idea that human causes of production, just as physical causes of motion or heat, should not obtain except under sufficient causation, a perfect balancing and equivalence of cost and payment, in the one case. What he failed to see was that consumers, other than the fact that they are ordinarily producers too, are one of the causes of production, and one term in the mechanics of distribution. The progress of the whole institution of society cannot be limited to the single phase of giving the laborer his due, merely, but must take into consideration the possible evolution of institutional efficiency, generally, to satisfy all or most desires. It is very doubtful, even in the ethical theory, whether this may be accomplished by sympathetic competition, or cooperation, alone. The limited individualism⁴⁴ which is therein expressed, though modified by the conception of custom,⁴⁵ neither establishes the truth of the theory, nor the probability of its progressive success. It was too much hampered by a hard and fast innate psychology and sociology, reducing all men to a level⁴⁶ of quality and interest, to admit of the needed flexibility in human nature. The wished-for freedom and change was limited to institutions and environment, human nature would take care of itself and generally reflect the improvements in institutions, such that Smith's technique has been called the "environmental interpretation."⁴⁷ The theory of progress was, similarly, an environmental one.⁴⁸

We have seen the effect of Adam Smith's philosophy of history upon his value and distribution theories. It was in accordance with his liberalism and naturalism that he insisted upon "the natural progress of opulence."⁴⁹ In his view, all history demonstrated the law of this supposed fact. John Maurice Clark

⁴⁴ Cf. *Theory of Moral Sentiments*, II, II, III, 124.

⁴⁵ Cf. *Ibid.*, V, II, II, 290: "But though the influence of custom and fashion upon moral sentiments is not altogether so great, it is, however, perfectly similar to what it is everywhere else."

⁴⁶ Cf. James Bonar, *The Tables Turned*, 23-4.

⁴⁷ Cf. J. M. Clark, *Adam Smith and the Currents of History*, 54.

⁴⁸ Cf. A. C. Pigou, *Wealth and Welfare*, I, IV, 58-9: "... the view that economic circumstances, since they are environmental, are not, from a long-period standpoint, of any real importance. . . . My reply is that the environment of one generation *can* produce a lasting result, because it can affect the environment of future generations."

⁴⁹ *Wealth of Nations*, III, I.

summarizes some of the points which are offered to confirm this thesis:⁵⁰

He discusses at length the development of water trade, how ancient civilizations centered around the Mediterranean, and how commerce led to a taste for the finer manufactures. But all this appears to be in support of his general doctrine that the division of labour is limited by the extent of the market. He also traces the different progress of opulence in the different nations; but he finds therein a natural order of development, the reflection of his static 'natural order,' often thwarted and distorted by human institutions. . . . He thinks of productivity as relative to the development of institutions, for he speaks of countries as having developed the full degree of productiveness which their institutions permit; but here again the stage of development of institutions is regarded in the light of a greater or less approximation to the system of natural liberty. More promising is his discussion of the manner in which commerce leads the rich to buy goods rather than keep retainers, leading to a surrender of their power and permanence of position; but even here one seems to see the change as a setting free of the forces of natural liberty from the trammels of customary status.

In spite of his possibly too catholic interest in history, to maintain the eminence in that field which has sometimes been claimed for him, therefore, he did embody the relatively empirical and uninfluenced research into the annals of the past, which gives us the feeling of "modernness." Of course, he was too selective of the more cheerful aspects of social advancement to pretend to strict accuracy in the general scope of his study. This selection was predominantly and everywhere in favor of a theory of social progress.

⁵⁰ *Ibid*, 72.

V. RECAPITULATION AND CONCLUSION

At least two things have come to the front in regard to the social philosophy of Adam Smith: (1) that he was everywhere actuated by the concept of progress, and (2) that this concept tended toward a particular and special type. Thus we have found in his work both a general, legal theory of progress, and a specialized, institutional theory. This latter phase undoubtedly grew out of the limited but essential individualism which, contrary to at least one opinion,¹ we have found to have penetrated both the ethical and economic theories. It also grew out of the *general* concept, and legal naturalism, so typical of Blackstone and Smith, as the basis for the underlying concepts of natural law and natural justice. The entire picture of society, therein evolved, also reflected the comparatively novel instinctive² psychology of associationism. The institutions which we have singled out, as mirrored in the Smithian treatment, have been in terms of the broad categories of education, justice, industrial freedom, specialization, distribution, and wealth. The broad institutional element in these factors, as contrasted with the distinctively human and therefore fallible element which is co-ordinate to them, may become, even more than just theoretically, and after proper adjustment has taken place, relatively infallible—according to our interpretation of Smith. This relative infallibility is achieved by means of a sliding scale, always active, of a hedging, balancing, and limiting technique, to which we have referred numerous times. Institutions in this way conditioned, may be referred to as possessing a positive increment of progress, as set over against the more dramatic, and possibly more emotionally satisfying, technique of outright and revolutionary reform. Such an investment in social progress is thus more con-

¹ Cf. G. R. Morrow, *Ethical and Economic Theories of Adam Smith*, II, 33: "The theory of Adam Smith openly abandons this individualistic method."

² Cf. G. R. Morrow, *Ibid.*, II, 42: "The foundations of society are not to be discovered in the rational or reflective experience of the individual, but in his instinctive life."

tinuous, efficient, and certain, than an alternative scheme might be.

In the ethical theory, the idea of progress is not connected up with a theology, as such, but with the characteristic mechanico-legal view of nature. The teleology is thus both efficient and final, after the method of Aristotle, but grounded in a comparable materialism. This treatment was favorable to a temperate conservatism in the three ethical categories which have obtained ever since in English philosophy—prudence, justice, and benevolence. Prudence became the quintessence of common etiquette, the following and subscribing to, the ordinary niceties of behavior. The ideal was pretty obviously that of the English gentleman, with his rather elaborate, “civilized” system of propriety. The theory of justice evinces the same loyalty to the current system, adhering to the retributive theory as practiced, but in its finer elements, bringing out the healthy ideal of sportsmanship. In the social game of life and business, the principle of fair play is to prevail as far as possible, and if not voluntarily, then by authority and the statement of rules. Benevolence is the embellishment rather than the necessity of social life. It is equivalent to an esthetic appreciation of a high level of civilization, such as that of eighteenth century England, and a desire to participate in the fullest manner, in the benefits which it has power to confer. It therefore becomes the inescapable duty of every enlightened and responsible person to practice those virtues which will work for the furtherance and continuance of these benefits. In this way, benevolence becomes an elevated and more exacting propriety, in conformity with a higher level of social life and a complicated education. At this point, the function of reason, as inseparable from conscience and the sense of duty, serves to give an impartial and relatively objective view of the values involved. The importance of good character and of good motives is therein determined as consonant with a generous sympathy for and appreciation of one’s fellow-men, as of the whole system of society. Sympathy itself, that is, serves as a dependent system or institution in that society. It is in insisting upon the necessity of a constant approach to this ideal, as a hypothetical but working goal, that the increment of

possible progress is accorded the center of attention. The proposed changes are not to be radical, but gradual and cautious. A modified conservatism, and a somewhat homely idealism, are the final characteristics of such an ethical theory of progress.

In the economic theory, the reference to progress is more evident and sustained. The attitude tends to be more "radical," and the use of the word "Progress" itself, is much more frequently repeated than in the *Moral Sentiments*. The much qualified doctrine of laissez faire which we find in Smith, can hardly be traced to any other interest. He was the exponent of industrial freedom, as a principle which could not ultimately be defeated in the evolution of social institutions, but which, nevertheless, requires our moral support. We are thus obligated to become effective agents in the furtherance of natural law and justice. In the same way, the abstract doctrine of value is not so much an actual description of market forces as of those elements in them which Adam Smith thought would obtain more strictly in the passage of time, and with the rationalization of the economic code. This rationalization, or perfection of natural technique in business, would be effected, presumably, by virtue of the impetus of institutions upon a changing and improving environment, rather than by consciously, humanly planned manipulations. The theory of value, as a matter of fact, in its tendency toward abstractness, implied a more special theory of progress than comes out in other parts of the doctrine. The labor-command measure, grounded in a relatively set and limited rule of distribution, left out some of the earlier prerequisites of industrial freedom and advance as denoted by the blanket term, laissez faire. It also neglected utility which, from any point of view, is certainly not a totally unimportant motive in exchange. The basic equalitarian psychology was probably largely responsible for this neglect, since the general equivalence of productive services is, with the use of this yardstick, more apparent. The only defensible way in which this system may be advocated, is by enlarging it to include an entrepreneur's cost conception, but it is doubtful whether Smith intended this needed broadening of this theory. The ethics of distribution, which was implicit in the entire value theory, rather pointed in

the contrary direction, that is to say, in the direction of the socialistic concept of progress. In this the motivation was one in favor of returning to the laborer a just "share" of the produce which he was supposed to be chiefly instrumental in bringing into existence. There was also the feeling that a more equitable distribution of goods would be effected when the deterministic drive of demand and supply had brought about an inescapable equilibrium, the static State—although this feeling was in evident conflict with other parts of the economic theory. Adam Smith's inclusive philosophy of history was in general accordance with the effect of his value and distribution theories, but more liberal and progressivistic in its scope. It referred back to the qualified "let alone" policy, setting both a value and a guarantee upon material progress, which would bring in its train more refined benefits to society. The doctrine was essentially an environmental theory of progress, implying a confidence in the ability of human nature to take care of itself in the process of reflecting that environment.

Neither the general nor the institutional theories of progress sprang up miraculously in the mind of Adam Smith. They had antecedents in the doctrines of several schools which were made popular during the eighteenth century. Notably among these doctrines were those of the Physiocrats and the Encyclopedists who were most ardent for various types and meanings of social progress. The Physiocrats favored a special, agrarian theory of productivity and wealth, but the leaders among them, Quesnai, Turgot, Condorcet, did not forget the wider aspects of social and educational advancement. The Encyclopedists specialized in the cataloging of knowledge, with a less successful propagation of a *novum organum* for science itself, but they were always optimistic for an improvement in society as the result of their efforts. Back of both of these schools, and back of the entire philosophy of enlightenment, was the overwhelming rationalism of the age. Thus we see a continual concentration upon the rational parts of social life, in those problems which concerned Adam Smith, these parts gaining meaning and precision as they passed through his thinking, and emerging frequently as definite institutional contributions. We find the various concepts of

progress mostly generalized before him, and mostly specialized after him. Very comparable to this tendency in him to organize the items under his observation into definite categories and institutions, was his conciliatory and moderating technique, to which reference has already been made.

Adam Smith thus indirectly cooperated with and depended upon his predecessors and contemporaries, men like Shaftesbury, Hutcheson, Mandeville, Hartley, and other British as well as continental thinkers, but his chief debt was to David Hume. The latter laid the systematic groundwork in metaphysics, psychology, ethics, and of lesser importance, in economics, upon which Smith pretty thoroughly depended. While Hume held no especial brief for progress itself, his fundamental work in the rationalizing of experience gave his friend the needed foundation and point of departure, and even, to an important degree, influenced his moderate leaning toward conservatism. From this point of view, it seems indubitable that a study of Adam Smith's central doctrines must be prefaced by a study of those of David Hume.

In this study, the attempt has been made, predominantly, to discover *what* Adam Smith's theories of social progress were, after ascertaining, of course, *that* his work was characterized by them. The only attempt at valuation, and comparison to modern theories, has consisted in the criticism of those more indefensible features which infected his system. The residua, standing as they do on their own merits, may be regarded, for our present purposes, with a provisional approval.

BIBLIOGRAPHY

- Addison, J., *The Spectator*.
 Ashley, W. J., *The Economic Organization of England* (Longmans, 1914).
 Bagehot, W., *Biographical Studies* (Longmans, Green, 1914).
 Beales, H. L., *The Industrial Revolution* (Longmans, Green, 1928).
 Bonar, J., *The Tables Turned* (King, 1926).
 Boswell, J., *Life of Samuel Johnson* (Morris).
 Bowden, W., *Industrial Society in England Towards the End of the Eighteenth Century* (Macmillan, 1925).
 Cady, G. J., *The Early American Reaction to the Theory of Malthus* (J. of Pol. Ec., Oct., 1931).
 Cannan, E. (editor), *Lectures on Justice, Police, Revenue, and Arms . . . Reported by a Student in 1793* (1896).
 Clark, J. B., *The Theory of Economic Progress* (Am. Ec. Assoc., Ap., 1896).
 Clark, J. M. and others, *Adam Smith, 1776-1926* (U. of C., 1928).
 Cunningham, W., *The Industrial Revolution* (Cambridge, 1908).
 Defoe, D., *An Essay on Projects*.
 Dietz, F. C., *The Industrial Revolution* (Holt, 1927).
 Doumic, R., *Histoire de la Littérature Française* (Lib. Classique Delaplane).
 *Dunning, W. A., *Political Theories, Luther to Montesquieu*.
 Eliot, T. D., *Relations Between Adam Smith and Benjamin Franklin Before 1776* (Pol. Sc. Q., Mar., 1924).
 Fay, C. R., *Great Britain From Adam Smith to the Present Day* (Longmans, Green, 1928).
 Godwin, W., *Political Justice*.
 Gomme, G. L. (editor), *The Gentleman's Magazine Library* (Houghton, Mifflin, 1883).
 Gray, J., *Essential Principles of the Wealth of Nations* (1797).
 Haldane, *Life of Adam Smith* (Scott, 1887).
 Halévy, E., *The Growth of Philosophie Radicalism* (Faber, Gwyer, 1928).
 Hallam, H., *Introduction to the Literature of Europe*.
 Hamilton, W. H., *Current Economic Problems* (U. of C., 1915).
 Hammond, J. L. and B. H., *The Rise of Modern Industry* (Harcourt, 1926).
 Haney, L. H., *History of Economic Thought* (Macmillan, 1927).
 Hasbach, W., *Die allgemeinen Philosophiegrundlagen der von E. Quesnay und Adam Smith begründeten Politikalökonomie*.
 Hasbach, W., *Untersuchungen über Adam Smith und die Entwicklung der politischen Oekonomie*.
 Hirst, F. W., *Adam Smith* (Macmillan, 1904).
 Hobbes, T., *Leviathan* (Dutton, 1924).
 Hobson, J. A., *The Evolution of Modern Capitalism* (Scott, 1912).
 Hume, David, *Essays, Literary, Moral and Political* (Ward).
 Hume, David, *Inquiry Concerning Morals* (Selby-Bigge).
 Hume, David, *Treatise of Human Nature* (Dutton).
 Hutcheson, F., *System of Moral Philosophy*.
 Inge, W. R., *The Idea of Progress* (1920 Romanes Lecture).
 Knight, M. M., Barnes, H. E., Flugel, F., *Economic History of Europe* (Houghton, Mifflin, 1926).
 Lecky, W. E. H., *History of the Rise and Influence of Rationalism in Europe* (Longmans, Green, 1865).
 Lichtenberger, J. P., *Development of Social Theory* (Century, 1925).

- Mandeville, B., *Fable of the Bees* (Wood, 1772).
- Mantoux, P., *Industrial Revolution in the Eighteenth Century* (Harcourt).
- Meredith, H. O., *Outlines of the Economic History of England* (Pitman, 1908).
- Mill, J. S., *Principles of Political Economy* (Longmans, Green, 1926).
- Mill, J. S., *Utilitarianism* (Dutton, 1922).
- Morrow, G. R., *Ethical and Economic Theories of Adam Smith* (Cornell, 1926).
- Muir, E., *The Ethical System of Adam Smith* (Cornell, 1896).
- Namier, L. B., *England in the Age of the American Revolution* (Macmillan, 1930).
- Nicholson, J. S., *A Project of Empire* (Macmillan, 1910).
- Oncken, Adam *Smith und Immanuel Kant*.
- Patten, S. N., *The Economic Causes of Moral Progress* (September, 1892, Annals of Am. Acad. of Pol. & Soc. Sc., Vol. 3).
- Pigou, A. C., *Wealth and Welfare* (Macmillan, 1912).
- Pistorius, H. A., *David Hartley: Notes and Additions to Part Second on Man* (Johnson, 1801).
- Rae, J., *Life of Adam Smith* (Macmillan, 1895).
- Rae, J., *The Sociological Theory of Capital* (Macmillan, 1905).
- Ricardo, D., *Principles of Political Economy and Taxation* (Bell, 1929).
- Rousseau, J. J., *Emile*.
- Sargant, W. L., *Essays of a Birmingham Manufacturer* (Norgate, 1869).
- Scott, W. R., *Francis Hutcheson, His Life, Teaching, and Position in the History of Philosophy* (Cambridge, 1900).
- Sidgwick, Henry, *Methods of Ethics* (Macmillan, 1922).
- Smith, Adam, *An Inquiry into the Nature and Causes of the Wealth of Nations* (Cannan Ed., 1904 and Dutton, 1926).
- Smith, Adam, *Essays on Philosophical Subjects* (Black, Hutton, 1795).
- Smith, Adam, *The Theory of Moral Sentiments* (Bohn, 1869).
- Sombart, Werner, *The Quintessence of Capitalism* (1915, tr., M. Epstein).
- Steele, Sir R., *The Tatler*.
- Swift, J., *A Tale of a Tub*.
- Thackeray, W. M., *Henry Esmond* (Nelson).
- Todd, A. J., *Theories of Social Progress* (Macmillan, 1924).
- Usher, A. P., *An Introduction to the Industrial History of England* (Houghton, Mifflin, 1920).
- Veblen, Thorstein, *The Place of Science in Modern Civilization* (Huebsch, 1919).
- Voltaire, *Candide ou sur l'Optimisme*.
- Warren, H. C., *A History of the Association Psychology* (Scribners, 1921).
- Webb, S. and B., *The Decay of Capitalist Civilization* (Harcourt, 1923).
- Weber, M., *General Economic History* (Greenberg, 1927).
- *Westerfield, R. B., *Middleman in English Business* (Transactions of the Connecticut Academy of Arts and Sciences, XIX — Yale, 1915).
- Whitaker, A. C., *History and Criticism of the Labor Theory of Value* (Columbia, 1904).
- Windelband, W., *A History of Philosophy* (Macmillan, 1923).

* These were secondary references in the material for the present dissertation.

